# FINANCIALTIMES EUROPE'S BUSINESS NEWSPAPER

French poll: The trouble with the right, Page 14

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D 8523 A

### talks close to deal on ceasefire

Talks between the Nicaraguan Government and US-backed Con-tra rebels were close to a breakthrough in agreeing to a ceasefire in the six-year-old war. Both sides were optimistic as they began a third day of negotiations.

Meanwhile the official radio in Managua said two Sandinista sol-Managua said two sandinista sol-diers and a Contra fighter were killed when Nicaraguan rebels ambushed a government truck in northern Nicaragua, apparently violating a three-day-old truce called by Managua Government leaders and Contra chiefs.

### Honduras pull-out

Pentagon officials said the US planned to begin removing 3,200 troops from Honduras as early as next Monday after they com-pleted joint exercises with Hon-

### Panama strike 'illegal'

A general strike in Panama entered its third day with the Government declaring it illegal and opposition leaders urging more people to take part.

### Western Europe was caught in a low-growth trap and its failure to

Europe 'trapped'

offset weaker growth in the US could push the world economy into recession, a UN economic survey reported. Page 2

### EC ship levy threat

The European Commission threatened to demand punitive port levies on unfairly under-priced Japanese and South Kor-ean vessels visiting the EC unless the two countries agreed with the Community on fair competition in shipbuilding. Page 5

### Critical Ethiopia battle

Fighting between Eritrean guer-rillas and Ethiopian Government troops continued in what was seen in one of the most critical battles of the 26-year conflict.

### Fresh Gulf attack

Iranian gunboats set a Cypriot cargo ship ablaze in the southern Gulf in Iran's sixth attack since Saturday when Iraq attacked two of its tankers at Kharg Island. Use of chemicals condemned,

### Taiwan halts N-plant

Taiwan yielded to US pressure and stopped work on a secret plant that could have processed fuel to extract plutonium, a key component of nuclear weapons, US newspapers said. Page 3

### Saudis curb pilgrims

Saudi Arabia said it would tem-porarily limit the size of the annual pilgrimage to Moslem holy sites in the kingdom. Last year's Haj pilgrimage to Mecca and Medina was marred by bloody clashes between Saudi security forces and Iranian pil-tok share prices off the day's grims in which at least 400 people

### Philippines bomb

Nineteen people were wounded when a bomb exploded at a supermarket in the southern Philippines city of Davao. Moslem rebels were believed responsible.

### Sri Lanka shooting

Indian peace-keeping troops and Sri Lankan police opened fire at random, injuring six civilians, after a grenade was thrown at a police station in a town in eastern Sri Lanka.

### Locusts plague Africa Huge swarms of locusts swept North and West Africa in the

worst plague for 30 years and threatened to spread south of the

### Paris logs trees City officials in Paris said they

Europe

America

Overseas :

Companies

Companies

Companies

**Forid Trade** 

were using computers to keep tabs on the capital's 446,000 trees and unveiled a 60-year tree-re-

### World News Business Summary Nicaraguan Chemical Bank to

### sell UK loans unit CHEMICAL BANK, US banking

group, is to sell its UK mortgage lending unit because it is tying up too much of its scarce capital

The subsidiary, which began mortgage lending in the UK in 1981 and which will be sold as a going concern, is Chemical's only retail banking operation outside the US. Page 17

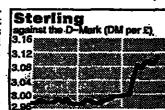
US HOUSE BANKING Committee published proposed legislation which would give banks some access to securities business but far more restricted powers than those suggested in rival legisla-tion tabled by the Senate Bank-ing Committee. Page 16

SRAGRAM, Canadian wine and spirits company which recently acquired Martell of France and Tropicana of the US, increased net income by 23 per cent last wear Page 17

WESTERN EUROPE is caught in a low-growth trap and its failure to offset the weaker growth in the US could push the world economy into recession, according to the UN Economic Commission for Europe. Page 2

MORGAN GRENFELL, UK mer chant bank, signed a £193m (\$354m) export credit package for the Soviet Union to finance the £246m contract won by Simon-Carves to establish a plant auto-mation equipment factory at Yerevan in Armenia. Page 4 WALL STREET: The Dow Jones

industrial average closed up 1.49 at 2,067.64. Page 40 LONDON: Exporting stocks were hit by renewed upward pressures on sterling and the FT-SE 100 index lost 3.2 to 1,832.2. Page 38 STERLING: In New York the pound closed at \$1.8370. In London it closed at DM3.1050, up



NGEX ENG. 1975 - 100

from Tuesday's close of DM3.0975. It had traded as high as DM3.11, but rumours of intervention by the Bank of England slowed its advance. Against other currencies, the pound closed at \$1.8355 (\$1.8295); Y232.75 (Y232.50); SFr2.5650 (SFr2.5650); FF10.5450 (FFr10.5250). The Bank's trade-weighted sterling index closed 0.2 points higher at 77.3. Page 29

peaks, but the market closed higher on continued strong demand, especially for large capi-tals. The Nikkei average ended up 52.48 at 25,895.23. Page 40

DOLLAR closed in New York at DM1.6915; Y126.85; SFr1.3985; FFr5.7460. It closed in London at DM1.8910 (DM1.6935); Y126.80 (Y127.10); SFr1.3975 (SFr1.4015); FFr5.7450 (FFr5.7525). Page 29

THE INFORMAL Paris Club of Western creditor governments has agreed to reschedule part of Togo's CFA Fr330b (\$1.2hm) for-

Mat's board. SCHNEIDER, privately owned French industrial group, has made an outright bid worth FF78.8bn (\$1.5bn) for Telemecanimeet promptly to measure BIL's proposals against its own for que, industrial automation comhad already "taken significant ment. Analysts estimate these steps" over the past three years could be worth three or four through reinvesting funds from times the \$69m balance sheet pany, topping Framatome's offer by FFr900 a share. Page 18

# Moscow signals tougher line over Armenian protests

BY LESLIE COLITT IN MOSCOW AND BRUCE CLARK IN LONDON

nationalists and signature tongher line towards campaigners in the republic, where protests are again growing in two republics to defend the inter-

ers in the republic, where pro-tests are again growing in strength and militancy.

The praesidium of the Supreme Soviet, after an emergency meet-ing addressed by Mr Mikhail Cor-bachev, the Soviet leader, issued a statement that called for law and order in Armenia and neigh-houring Azerbailan, and ismored bouring Azerbaijan, and ignored nationalist demands for reunifinationalist demands for reuniti-cation with Armenia of the dis-puted Azerbaijani territory of ist, Mr Paruyr Kharikyan, was Nagorno-Karabakh.

ests of citizens of all nationali-ties. People who destabilize the situation and erode the friend-ship of the "fraternal Soviet peoples" would be brought to "strict justice", it said, suggesting that political activists, as well as those engaged in violence, would face a crackdown.

Nagorno-Karabakh.

The statement promised better and sent back to Yerevan. Many social and economic conditions in the disputed area, but it fell far and Yerevan appeared to be cut, short of meeting the demands of and Westerners telephoning Yer-

THE SOVIET LEADERSHIP yes activists in Yerevan, the Armse evan said their contacts had terday brushed aside boundary nian capital, where a group of changes demanded by Armenian them had earlier pledged to stage nationalists and signalled a "explosive" protests this Sature series of appeals for observance of the Mr. Isone Mr.

Armenia and Azerbaijan. Hundreds of thousands of peo-ple demonstrated in Yerevan last

of the Soviet constitution had appeared to be Mr Igor Muradbeen sent to the praesidium by all the Soviet republics except since the weekend has been addressing a series of increasingly angry meetings in Yerevan. The atmosphere there has

nonth to back demands for the return to Armenia of Nagorno-Karabakh, most of whose inhabitants are ethnic Armenians. At least 32 Armenians were killed in the Azerbaijani city of Sungait, and Armenian campaigners have alleged that the death toll was far higher.

The praesidium criticized the organizers of demonstrations in Armenia correspondent vesteraneged that the death toll was far higher.

The pracesidium criticized the organizers of demonstrations in Yerevan this week, referring to "self-styled groups" who advo-





George Shaltz (right) greets his Soviet counterpart Eduard Shev-arduadze at the US State Department yesterday

# Reagan sets date for Moscow arms summit

BY LIONEL BARBER IN WASHINGTON

visit is the signing of a treaty to
cut the two superpowers
long-range nuclear arsenals by 50
per cent, but it is not clear if an
agreement will be ready in time.

Are Reagan amounced a firms soviet troops, but he did not elabdate for the Moscow meeting orate: after his first round of talks with The the Mr Eduard Shevardnadze, the Soviet Foreign Minister, who is holding three days of pre-summit-talks in Washington.

Asked if the US and the Soviet ton, where last December the two Union might be able to conclude leaders signed a treaty eliminata strategic arms accord by May, ing their intermediate nuclear a strategic arms accord by May, Mr Reagan told reporters: "I have no way to answer that now." Mr Reagan, 77, will be the first nuclear age.

orane:
The agreement on a superpower summit in Moscow follows earlier meetings between Mr Reagan and Mr Gorbackev in Geneva, Reykjavik and Washing. forces (INF), the first substantial arms reduction pact of the

US president to set foot on Soviet
Soil since President Gerald Ford, question of long-range missiles,

PRESIDENT Ronald Reagan is to. also a Republican, went to Vladivisit Moscow for his fourth sumvostok in 1974 to sign a tentative talks on Afghanistan. The most difficult issue turns on a US Gorbachev, the Soviet leader, Mr. Shevardnadze said: "Now demand that Moscow halt militative that depring of a treaty to interesting." noth sides are involved in intense talks on Afghanistan. The most difficult issue turns on a US demand that Moscow halt military aid to the Kabul regime in "symmetry" with a US cut-off of aid to the Afghan resistance.

Mr Reagan is under intense bipartisan pressure from the US Senate to keen sumplying the reh.

Senate to keep supplying the rebels with military aid until well after the promised Soviet withdrawal of 115,000 troops starts to take place.
Mr Shevardnadze made clear

on Tuesday that the Soviets would prefer an internationally negotiated withdrawal under the auspices of the United Nations sponsored talks in Geneva.

Yesterday's announcement of a Moscow summit came exactly five years after Mr Reagan, a dent, unveiled his Strategic Defence Initiative, (SDI)."

A downturn in southern Cali-

fornian construction is dampen-

Gordon Cramb adds: By the

# Oil prices rise as **Opec seeks talks**

BY ANDREW GOWERS AND STEVEN BUTLER IN LONDON

OIL PRICES jumped last night; hinting at possible action by when the Organisation of Petro-Opec to shore up the market, leum Exporting Countries (Opec) rose on the announcement of the surprised the market by moving to convene an urgent meeting of close at \$15.35, up 58 cents.

Mr Rilwanu Lukman of Nigeria, Opec's President, said in Lagos the meeting would review Oil Minister, requested an immeproduction in the first quarter of diate meeting of the price-monities.

His statement, which followed an earlier Nigerian announcement that the committee would meet in early April in Vienna, appeared to reflect a surprising about-face by Saudi Arabia.

Previously, Saudi Arabia had been holding out against either a price committee meeting or production cuts, despite the recent weakness in prices.

The price of North Sea Brent crude, which has been swinging between \$14 and \$15.50 in recent weeks amid a string of rumours

The price of North Sea Brent crude, which has been swinging between \$14 and \$15.50 in recent weeks amid a string of rumours

Commodities, Page 28 Continued on Page 16 weeks amid a string of rumours

### Mitsubishi drops bid for S African steel project

JAPAN'S Mitsubishi Corporation burg, said the Japanese company has dropped out of tendering for had cited internal problems of a R600m (\$280m) South African "an organisational and technical steel mill project in what is seen as an attempt to head off growing criticism of Japan's stake in the scale of Japan's stake in the scale of Japan's largest business organisation, for Japan's hardescentrolled iron Japan's companies to restrain

South African economy.

Iscor, the state-controlled iron Japanese companies to restrain and steel company which put out voluntarily their business with tenders for a hot-rolled strip mill south Africa.

To be built at its Vanderbijlpark works. South-east of Johannes-continued on Page 16

### **UK** building society in move to compete with banks

By David Barchard in London ABBEY National, Britain's second largest building society, yesterday became the first to announce plans to turn itself into a limited company. Building societies are the chief source of

house funding in the UK.

The Abbey National is the first to take full advantage of 1986 legislation opening up a much greater range of business activities to building societies and allowing them to raise funds on the more markets.

the money markets.

The move will make Abbey
National a full competitor of
Britains's four major UK clearing

It will involve a stock market flotation which, it has been estimated by Morgan Grenfell, the merchant bank, could be worth

merchant bank, could be worth 21.8bn (\$3.3bn).

That would give Abbey National a higher capitalisation than either Midland Bank, the second smallest of the clearers, or Lloyds Bank. Its assets total 598.4bm

£26.4bn sir Campbell Adamson, chair-man, indicated yesterday that the building society, would not call itself a bank, although it will have to acquire a banking licence and come under Bank of England

regulation.
Building societies are currently Oil Minister, requested an immediate meeting of the price-monipolation in the first quarter of the price monipolation for their strengthen the market."

However, the committee is the power to change their status to limited companies in the 1986 Building Societies are currently mutual bodies owned by their members - savers and borrowers with them. They were given the power to change their status to limited companies in the 1986 Building Societies are currently mutual bodies owned by their members - savers and borrowers with them. They were given the power to change their status to limited companies in the 1986 Building Societies are currently mutual bodies owned by their members - savers and borrowers with them. They were given the power to change their status to limited companies in the 1986 Building Societies ar

sure from societies for more free-dom to expand into other areas following the increased competi-tion they were facing from banks on mortgage lending. Since the Act, societies have

diversified into a wide range of non-traditional activities, including estate agency, unsecured personal lending, cheque current accounts and credit cards.

But as mutual bodies they still face limits on moving into cer-tain business areas and are

able to go to the equity for funds.

Abbey National has 98 estate agency offices, and has begun to diversify outside the UK, setting up subsidiaries in Jersey and Gibraltar. It has also announced plans to join both the Visa Organisation and the Joint Credit Card Company enabling it to issue credit cards through either the Visa or the Mastercard/Access retworks.

cess networks.

To complete its move into the retail banking market, earlier New foundations, Page 8; Lex, Page 16

Continued on Page 16

# OPTIONS MAR

You've certainly heard of the futures and options markets. You probably know that by investing in them, you can make

substantial profits whether the markets are rising or falling. And you may even

have realised that with

today's uncertain stock

market, putting some of your assets to work in futures and options may be the best financial decision you could make.

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# **Brierley launches \$1.2bn** takeover offer for CalMat

CALMAT, a California building materials group, has received a \$40 a share, \$1.2bn takeover offer from Brierley Investments (BIL), the main corporate vehicle of Sir Ron Brierley, the New Zealand entrepreneur. BIL – making its largest bid

yet – appears most interested in CalMat's large but undervalued land holdings in southern Caliiand holdings in southern Can-fiornia and Arizona.
Industrial Equity (Pacific), a
Hong Kong associate of BIL,
already owns a 19.2 per cent
stake in CalMat and two of its
North American executives sit on
the CalMat board.

Attempts by IEP to increase its Togo's CFA Fr330b (\$1.2im) foreign debt to stretch repayments over 16 years.

HEWLETT-PACKARD, US electronics group, and Microsoft, software company, hit back at the copyright infringement suit filed against them last week by Apole Computer. Page 17

Attempts by IEP to increase its influence on CalMat led to a standstill agreement between them last December, but the Brierley camp retained the right to launch a tender offer. In return, CalMat dropped lawsuits alleging that an IEP executive had misappropriated insider information while sitting on CalMat's heard

CalMat said its directors would

proving shareholders' value. It

Some land holdings, originally

bought as a source of raw materi-

als, have become ripe for develop-



Sir Ron Brietley: consolidating disposals in "higher margin core about \$26.30 a share. His commit-

ing demand for coment and aggregates, but demand for asphalt remains strong it said in January that it expected flat revenues and profits this year. For 1987 Callina reported net profits of \$78 lm or \$2.50 a share contents. of \$78.1m or \$2.53 a share, against \$44.1m or \$1.44 a year earlier on sales of \$658.9m against \$819m. end of last year BIL, New Zea-land's second largest company, had nearly NZ\$1.2hn (US\$796m) in undrawn credit facilities, and since then has raised funds by selling assets. However, the Cal-Mat cash bid is conditional IEP bought into CalMat, Str

ousinesses."

The company, formed in June industry looked less firm earlier this month, however, when RIL produces cement, concrete, aggregates and asphalt and develops land.

Some leading to the huilding industry looked less firm earlier this month, however, when RIL aggred to sell Winstone, a leading produces cement, concrete, aggre-

Since the October stock market crash wiped nearly NZ\$3bn off the value of his companies' been seeking to consolidate the businesses worldwide holdings, Sir Ron has

Lex, Page 16

Johannesburg South African church-state

Business Law. The PLO's dilemma in the US

Editorial comment Risks in going public

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Osker Lafontsine, one of the two

deputy SPD chairmen, is

in West German keadlines, Page 2

THE MAN WHO HAS STOLEN

THE BONN LIMELIGHT

Terror and television Economic viewpoint: The need for a Euro-Lex: Abbey National; BAT; Woolworth ........ 16. Technology: Volatile alliances born of market Car of the fature: Survey ....

conflict likely to worsen

courts .

... Section III United Arab Emirates: Survey ..... Section IV private clients.

If so, we'd like to offer you a copy of GNI's 20-minute VHS videotape

It shows you the markets (

# Kohl's resignation hint pulls Bonn coalition partners into line

A FURTHER picture of disarray in the Bonn coalition was served up yesterday when government officials confirmed that Chancel-lor Helmut Kohl indirectly threatened to resign on Tuesday during a heated discussion with coalition partners on the Govern-

ment's tax cut plans.
Officials close to Mr Kohl said the Chancellor, angered by blocking attempts by Mr Franz Josef Strauss's Bavarian conservative party, banged his fist on the table and declared that he would not be turned into a "dancing bear"

Bossano set

to win in

Gibraltar

By Tom Burns in Madrid

MR JOSE BOSSANO, the leader

of the Gibraltar Socialist and Labour Party (GSLP), is the clear

pre-poll favourite to win elections today to Gibraltar's House of

Assembly, indicating a deter-

mined backlash among the Rock's 17.000 voters against the

Anglo-Spanish negotiating pro-cess over the future of the British

The elections are the first to be held in Gibraltar since a 1984

agreement between Britain and Spain ended all Spanish restric-tions on the Rock's frontier and

simultaneously opened the nego-tiations between the two govern-

Mr Bossano has campaigned strongly for the rejection of an agreement last December between London and Madrid over joint use of Gibraltar's airport

and he has promised to boycott the bilateral foreign ministers' meetings that aim to solve the differences between Spain and Britain over the colony's dis-

puted sovereignty.

Last minute calls on voters by

Last minute caus un vouce by Sir Joshua Hassan, in the fore-front of the Rock's politics for the past 30 years until his resigna-tion as chief minister last Decem-

ber, to reject Mr Bossano's con-frontational policies appeared to have had little impact on the

Opinion polls have given the GSLP more than 60 per cent of the vote and its eight candidates

appear certain to win seats in the 15-member assembly. Under Gibraltar's voting system each party presents a list of eight candidates and electors choose eight names from any of the lists.

Six lockus's party, the Associa-

Sir Joshua's party, the Associa-tion for the Advancement of Civil Rights (AACR), has effectively been split by the creation of the

Independent Democratic Party (IDP) following his resignation. The IDP reflects voter criticism

of Sir Joshua's acceptance of the December airport agreement.

output up 7.3%

ITALY'S industrial output rose

by 7.3 per cent in January over the figure for the same month

last year, on an unadjusted basis.

The January rise represented a 4.1 per cent improvement on

December 1987, according to the government statistical bureau.

sonally adjusted increase in out-

production rise was 19.9 per cent

and 17.5 per cent in the vehicles industry. Output fell 5.5 per cent

in the clothing industry and 8.5 per cent in the energy sector.

Finnish spying arrest

Compared to a year ago the

the tyre and rubber sector,

By Alan Friedman in Milan

crown colony.

They said the Chancellor held out the threat of dissolving the coalition by saying that he would

sumer goods are finding it diffi-cult to take to heart the ambi-tious economic reforms of the

mic reform programme.

East European economic offi-

cials in Moscow, however, call the deterioration "Brezhnev's revenge" alluding to the late Soviet leader's weakness for costly prestige projects and the rigid, command-style planned

In spite of glasnost, Soviet authorities do not publicly acknowledge the worsening of

A quarrel also exupted between 'points. This was a reference to 'DM20bm(55.5bn) of net tax cuts to Sunday. The three parties have for Mr Kohl's anger on Tuesday, the CSU officials at the meeting the formal residence of the West come into effect by 1990.

However, they said that the Government's indifferent electropic realisation that coalition in-fight.

SOVIET CONSUMERS, strug-gling with increasingly erratic Thus the arrival of sausages supplies of milk, meat and con-last week in Moscow shops pro-

Leslie Colitt in Moscow reports on worsening consumer goods shortages

Within hours the tubs of sau-sages were sold out and it was Soviet planners are working the worsening shortages coincide back to fatty minced meat.

With the broadening of perestricks, Mr Mikhail Gorbachev's inefficient distribution system.

Soviet planners are working the worsening shortages coincide back to fatty minced meat.

Soviet planners are working the out details of a wholesale trading item was a pair of corduroy jeans system which is to be introduced from Eastern Europe at 100 routers are more than the content of the content of

inefficient distribution system, at a future date. First, though, a which can turn even abundance price reform - scheduled to begin into scarcity, the main culprit is next year - must put an end to

Arrival of sausages produced enormous

queues last week at food shops and

butchers. Within hours they were sold out

and it was back to fatty minced meat.

dence of growing shortages.

Thus the arrival of sausages Muscovites patiently queued for last week in Moscow shops produced enormous queues at Gas-which residents say are no longer found no takers. Nor did crushed

tronom food shops and butchers. available at many outlying food men's suits from Romania which within hours the tubs of sau-shops.

Occasional deliveries of west-

ern shoes and some other con-

sumer goods as in past years have almost ceased. The Soviet Union must conserve its shrinking hard currency income because of the fall in earnings from sales of oil and gas in the Meet

At the same time Eastern

Europe is offering its best goods to the west to repay its rising foreign debt and to buy crucial Western machinery and equip-

coalition by saying that he would call on President Richard von Weizsäcker unless the Government's plans to exempt private ment's plans to exempt private plots in amateur flying clubs in amateur flying clubs in amateur flying clubs in exemption, is a keen berg, the Finance Minister.

The disagreement centred on relatively minor adjustments requested by Mr Strauss's Christian Social Union (CSU), including changes in investment credit in ground and the liberal Free Democratic German president, the Villa Hammers and the liberal Free Democratic German president, the Villa Hammers and the liberal Free Democratic Continues.

However, they said that the Government's indifferent elsection on which meeting - reports on which substituted to the Chancellery headquarters on the banks of the Rime.

Government's indifferent elsection in coalition in-fightment and close to the Chancellery headquarters on the Chancel

# Belgrade told to link Soviet shoppers queue with glasnost with rights groups

YUGOSLAV writer yesterday ties to co-operate with interna-tional human rights bodies, Reu-ter reports from Belgrade.

Mr Vladimir Prvulovic, author

of a book entitled in the Name of the People: Human Rights and Freedom in East-West Relations," said Yugoslavia should end the practice of just criticising rights groups and start communicating with them.

The publication of his remarks in the semi-official daily newspaper Borba came soon after moves to set up an official human rights commission in this non-aligned

"[Human rights bodies] should not be ignored. We should com-municate and polemicise with them and try to counter their incorrect and distorted picture of Yugoslavia," Mr Prvulovic said. "We certainly won't achieve anything by simply pinning pejo-rative labels on them," he said.

The Yugoslav Government has often been accused by the Lon-don-based human rights group Amnesty International and others of violating the rights of peo-ple opposing ruling Communist. Party policies.

Yugoslavia is a signatory of most international agreen

### Soviet journal to publish **Orwell's Animal Farm**

acknowledge the worsening of the consumer's lot. Economists writing in the official media speak only of the urgent need to improve food supplies if perestroika is to gain credibility among Soviet citizens.

Soviet consumers, the East Europeans say, are worst off in European Russia. Supplies are better in the more advanced Baltic republics and in more individualistic Central Asia as well as in the low retail price of the costly subsidising of necessions and pork when available. Twice this amount is paid to meat producers to determine their real costs.

The supply of essentials determine the consumer then, Mr content to consumer the consumer then, Mr content to boost output. The supply of essentials determine the consumer then, Mr content to boost output. The supply of essentials determine the consumer then, Mr content to consumer then, Mr content to boost output. The supply of essentials determine the consumer then the consumer then the consumer then the soviet consumer then the distance from the city centre. At the village of Peredelkino, only of the west to repay its rising foreign debt and to buy crucial western machinery and equipment. Viewed from the perspective of the soviet consumer then the supply of essentials determined to the costly subsidising of necessions.

The supply of essentials determined to the costly subsidising of necessions and pork when available. Twice this amount is paid to meat producers to determine their real costs.

The supply of essentials determined to the costly subsidising of necessions and allow producers to determine their real costs.

The supply of essentials determined to the costly subsidising of necessions and allow producers to determine their real costs.

The supply of essentials determined to the city centre.

At the village of Peredelkino, Union 15 years behind the West to repay its rising foreign debt and to buy crucial western machinery and equipment.

The supply of essentials determined the city centre.

The distance from the city centre.

At the village of Peredelki the Brezhnev era left the Soviet
Union 15 years behind the West
looks decidedly optimistic.

The leadership's dilemma is
the lack of material incentives to
offer the population while calling
for better work in return for
higher pay. Irregular supplies of
basic consumer goods are not A SOVIET literary journal has munism under Stalin published the first of four instalments of British writer George in the Baltic republic of Latvia Orwell's satire on totalitarianism, said that the novel would be pub basic consumer goods are not likely to convince Soviet workers

An editor of Rodnik, publish

Animal Farm, editors of the journal's nal said yesterday, Reuter reports from Moscow.

Orwell, who fought in the Spanish Civil War and supported left-wing causes, wrote the novel as a satire on Soviet-style commercy banned books.

E Europe

gets taste

# Siberia. Moscow, always pampered by had sold them to passers by for and style to those of postwar basic sold them to passers by for and style to those of postwar basic most of European Russia but had vanished before the Militia glumly past unwrapped tootheven here there is ample evi (police) could spot him. Mean-David Goodhart reports on new economic ideas in the West German opposition

# Lafontaine hogs the SPD limelight

FOR THE past few weeks it has been difficult to open a serious newspaper or switch on a current affairs programme in West Germany without having to put up with somebody coming out for or against Mr Oskar Lafontaine.

One of the two deputy chairmen of the opposition Social Democratic Party (SPD), Mr Lafontaine and others are advocating a new Bad Godesters wealth creation as well as distribution.

Hence the interest of the new where it is more expensive for a more difficult to measure in the party has stage against Mr Oskar Lafontaine.

One of the two deputy chairmen of the opposition Social least beyond the technicalities of macro-economic management.

Now Mr Lafontaine and others are advocating a new Bad Godesters wealth creation as well as distribution.

Hence the interest of the new where it is more expensive for a micro-electronics company to the other difficulty for Mr close its plant over a weekend than to keep it running, the logic of flexibility has become irresist line even to union officials.

There is also a respectable body of ideas on pay, job creation and flexibility, dearved from the environmental protection technical transport of Ravinin Mr and thinking is that it alternates the tributes of the motor industry workers ton on only take free time as payment for overtime. Also, more difficult to measure in the more difficult to measure in the more department of the new where it is more expensive for a more difficult to measure in the close its plant over a weekend than to keep it running, the logic of flexibility has become irresist bid of flexibi Italian industrial

dence of the thinness of political debate in the Federal Republic. Mr Lafontaine, who used to be associated with the SPD left and the idea of closer ties with the Green Party, has been labelled by much of the press as a vain big-mouth more interested in the sales of his latest book than in party unity.

Sut Mr Latontaine's thoughts on job creation are merely the tip of an iceberg. A somewhat ill-decides has been accumulating in the SPD since soon after the party's electoral defeat in Janu-

holding two people on suspicion of spying but refused to confirm reports that they were thought to have sold high technology to the Soviet Union, Reuter reports that they were thought to have sold high technology to the Soviet Union, Reuter reports that they were thought to have sold high technology to the Soviet Union, Reuter reports that they were thought to have sold high technology to the Soviet Union, Reuter reports that they were thought to have sold high technology to the Soviet Union, Reuter reports that they were thought to have sold high technology to the Soviet Union, Reuter reports thought to have sold high technology to the shout 4.5m working hours to 39 next April and reports that they were thought to have sold high technology to the shout 4.5m working hours to 39 next April and and Premier of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m working hours to 39 next April and and Premier of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction in working hours to 39 next April and premier of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction of the Social Democratic party that they were thought to have sold high technology to the shout 4.5m workers, provides for a reduction of the Social Democratic party that they were thought to have a sold high technology to the shout the shou

government employers, writes David Good-hart in Bonn.

seize the initiative in the economic debate and try to prove itself a hard-headed economic manager able to provide practical answers to the problems of unemployment, lack of industrial dynamism and regional imbalances.

The idea that unions cannot have now influenced Mr Lafon-continue to pass on responsibility taine.

Applying these ideas among small groups of well-off professionals is easier than selling a bility for the "outsiders," (the pay cut to 20,000 bus drivers. But unemployed) has touched the figure of new iohe in rawest nerve. Particularly as Mr

WELL OVER half of all West German workers will be working less than 40 hours a week from April next year following yesterday's agreement between the main public sector trade unions and central and local should not be backdated the deal was done.

Lafontaine's comments were return for a reduction in hours nouth more interested in the ales of his latest book than in thinking which was supposed to sector union was going into negother and pay, they could perhaps perhapt yunity.

But Mr Lafontaine's thoughts Democratic Government in 1982 that Mr Lafontaine's thoughts Democratic Government in 1982 week and higher pay.

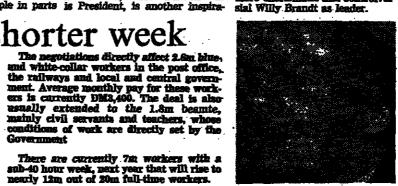
In fact the idea of a fairer disconsequences of unemployment.

politically courageous - that improving its standing under the shorter working time will only create jobs if pay is also cut.

The exhaustive public argument that has followed has been dismissed by some as further evisiting that it alienstes the environmental protection teen improving its standing under the nologies. Helping out with some free University of Berlin, Mr popular - who are not especially group of leading SPD industrial picked up by the Greens and lock attractive to both the free market oriented FDP and the Greens, the SPD's two possible market oriented FDP and the Greens, the SPD's two possible

coalition partners.

What of Mr Lafontaine's ambitions to lead the SDP into the 1990 general election. He has cartainly confirmed his reputation for lack of tact, established immediately after the 1987 defeat when he denounced the political strat-egy of the then leadership. But although he is not the most popu-lar man in the SPD, he might take encouragement from the fact that towards the end of the party's last long period in the; wilderness, it selected the even more charismatic and controiver-stal Wills Bandt as leader.



### of Big Mac By Our Foreign Staff McDONALD'S, the US fast food

chain, yesterday launched its first hamburger bar in Eastern Europe in Belgrade, the Yugo-slav capital

Company executives said a McDonald's would open in the next few months in the Hungarian capital of Budapest more outlets would be built in Belgrade, and a deal would rant in Moscow.

We plan to move step by step, one restaurant at a time, one country at a time," said Mr Glen Cook, senior McDonald's executive handling the corpo-ration's European development plans. McDonald's has some 10,000 restaurants in nearly 50 countries.

Other executives said at a news conference that the hamburger chain's Canadian affiliates were close to signing a deal with the Soviet Union. "It's an important development one executive said. "It's not just hamburgers, but Western culture they are importing. It's

just like Coke and Pepsi years The Belgrade McDonald's is a joint venture with Genex, Yugoslavia's biggest general trading concern and regarded by Western businessmen as one of the most reliable part-

ners for joint investment in

this non-aligned Communist country. Genex had a turnover of \$4.4bm last year, a 16 per cent growth from 1986. Its exports were worth \$2.20n in 1987 - 15 per

The deal involves a 50-50 share on the \$25m equity but the res-taurant will be run entirely by the Yugoslavs, said Mr Predrag Dostanic, managing director of McDonald's Genez.

It envisages initially opening four or five restaurants in the Belgrade area. McDonald's plans to use the local profits to open

Officials say the deal will be watched by foreign companies wary of investing in Yugoslavia, which suffers from triple-digit inflation, a \$21bn debt, falling productivity, growing insolvency of enterprises and widespread worker unrest. The country is reforming its "self-management" economic system to give more scope to foreign investment and small scale private enterprise.

### Hungary bill sale

Hungary has launched another capitalist-style financial instrument with the sale of Formts 5bn (£57m) of Treasury bills, Reuter reports from Budapest. The bills, which are repaid in three, six and nine months, pay annual interest rates of 8, 9 and 10 per cent,

### Gorbachev points to big changes in farming

By Leefle Collit in Moscow

THE prospect of a wide-ranging reform of Soviet agriculture, turning some 27,000 bureaucratic collective farms into efficient cooperatives, was held out yester-day by Mr Mikhail Gorbachev. day by Mr Mikhail Gorbachev.

Speaking at a rare congress of
the nation's collective farmers
yesterday, Mr Gorbachev said
draft legislation on co-operatives
would create a co-operative
movement in farming in line
with his economic reform pro-

He was the first Soviet leader since Lenin to point to the impor-tance of "individual small holdings" and said conditions should be provided to help people man-age them. Until now, individual collective farmers have intensively tilled household plots which produce a large share of the Soviet Union's eggs, fruit and

other produce.

The collective farms created after Stalin drove the kulaks (wealthy peasants) from their medium-sized farms in the 1930s had degenerated into "junior partners" of the state sector, Mr

Gorbachev said.

The draft law, to be discussed at the three-day conference along with a collective farm statute, is expected to facilitate ties between crop-producing and ani-mal breeding farms, as well as between farms and food proces-

sors.

Widespread use is to be made of "team contracts" under which the collective farm will rent land to workers, often families, who will sell an agreed amount back to the farms and retain income according to results. They would sell the remainder either on the free market or to the collective farm at a premium.

Similar systems exist in East-ern Europe but East European officials in Moscow said some Soviet farmers taking part in an experiment on team contracts were fined for earning excess

per, Pravda, reported extensively yesterday on a collective farm in Siberia, which operated experimentally on the new co-operative basis. A family of nine persons was said to have formed a cattle-breeding co-operative, using buildings and animals "bought on credit" from the collective farm for Roubles 275,000 (2250,000).

### Recognition for Polish peasants

By Christopher Bobinski in

THE Soviet Union has made a significant ideological concession to Poland's private farmers, who own 75 per cent of the land, at the opening of a congress in Moscow of the co-operative farming movement, the first for more than 15 years.

The concession came in a mes sage of greetings from the Soviet Communist Party to Poland's Peasant Party (ZSL) which is holding its own congress in War-saw this week. This is the first time that the ZSL, which has half a million members, holds 23 per cent of the seats in Parliament and plays a minor role in govern-ment, has been recognised in this

In the 1980s, in contrast to its previously passive stance, the ZSL has spoken up for the farm-ing lobby both in support of higher incomes as well as more

investment.

In the past, the Soviet Union has grudgingly but up with Poland's majority private farming sector, as well as the existence. tence of such subordinate politi-cal groups as the ZSL, on the understanding that these were transitory phenomena which would be eliminated eventually. Soviet guests to previous ZSI. congresses have played down its political role and treated it more like a professional association. But now, articles have begun to appear in the Soviet press arguing that the establishment of paring that the establishment of par-ties subordinated to, but separate from, the Communist party might be desirable. The farm con-gress in Moscow is expected to discuss easing restrictions on the leasing of land to individual

### FINANCIAL TIMES

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# There are currently 7st workers with a sub-40 hour week, next year that will rise to nearly 12m out of 20m full-time workers. Recessionary clouds gather over Europe, survey warns

Public sector workers win shorter week

western europe is caught in a low-growth trap and its failure to offset the weaker growth in the US could push the world economy into recession. This is counter these tendencies in the economy into recession. This is counter these tensenates in the principal message of the Eco- ECE secretariat's view. It notes ing.

The answer, the ECE argues, is the slight expansion allowed for the answer, the ECE argues, is nomic Survey for 1987-86 pubthe slight expansion allowed for The answer, the ECE argues, is material lished today by the secretariat of in West Germany this year but for the European countries to dard me the UN Economic Commission points out that a tightening has adopt more expansionary fiscal aggregate. for Europe (ECE).

Usually, the annual survey by the ECE, which is the only inter-Western and East European econ- Japan, means that there is no omies, is studied for insights into prospect of faster growth coming developments in the East.

The current issue records a export offensive, helped by the slowdown in the growth of the cheaper dollar, will further month's call from the European growth commission for "internally generated growth" in the Community of the current is the community of the current is the community of the current is the c

ant in 1987 will slow sharply, Western Europe has fallen. Weak and stagnation.

1987 with the exception of a rise plus rose markedly last year to tiveness and move t while the others will show no short-term prospects mean that Economic performance in East in the volume of Soviet exports. almost \$70n\$. However, the ECE rency convertibility.

already been announced for 1989. policies which would favour fac-Decline in Western Europe's ter growth rates and offset the competitiveness towards most of necessary tightening in US fiscal national body to report on both the rest of the world, except policy. from external demand. A US

two would go before a court in per cent in various stages up to January the next month.

1988 prospects but its main focus is on what the ECE secretariat that capacity output in the main regards as the forces working Western European economies is dismissed it is no longer a major towards recession in Western hardly growing at all. A large economic or political issue in Europe. Forecasts point to slower ment is going to replace older claims. The costs of preventing growth in virtually every country. capital goods rather than to any marginal increase in current in the region, it says. Economies, expansion. This scenario inflation rates should be set under the second second second second to the second second in the second second second in the second sec

BY WILLIAM DULLFORCE IN GENEVA

European policy co-ordination to achieve these objectives is now urgently needed, the ECE says

2.3 per cent in the Soviet Union. from some \$65bn to an estimated Targets set in the five-year \$75bn at the end of 1987, most of plans are not being met, and the increase, however, being due ECE thinks it unlikely that to the effect of the depreciating

growth will be much more than 3 dollar on valuations.

Per cent in 1988. Prospects are The Soviet Union brought its clouded by domestic adjustment trade account with the West into problems and, in particular, by balance last year after two sucthe uncertainties and short-run cessive years of deficit. Since its costs of implementing economic terms of trade had fallen sharply, reform programmes. the adjustment involved an Some East European countries' increase in the volume of exports high external indebtedness and — 21 per cent in 1996 and a fur-

East-West trade stagnated in

capital formation is being dis- ern Europe and the Soviet Union reform in the East bloc is to capital formation is being discouraged and the trap is tightening.

The answer, the ECE argues, is
for the European countries to
adopt more expansionary fiscal
policles which would favour faster growth rates and offset the
necessary tightening in IIX fiscal
per cent to 3.2 per cent in Eastern into a small, combined deficit in
the first bloom in the fiscal per cent to 3.2 per cent in Eastern into a small, combined deficit in
the first bloom increase export increase export increase export increase export incentives.

ECE finds. The growth in net imports from the West were prodard measure of output is the longed in 1987, in order to predard measur Europe and from 4.1 per cent to 1986. East European net debt rose

the unwillingness of others to ther 5 per cent in the first nine allow their foreign debt to months of 1987 – and a large cut increase reinforce this downbeat in imports of 10 per cent in the forecast in the ECE's view.

Moscow's current account sur-

The outlook for a revival is unfavourable, the ECE believes, although one aim of economic reform in the East bloc is to increase export incentives.

To East Superiorities. Union's net external debt. On the contrary exchange rate changes raised it from \$28bn to \$26bn. Soviet terms of trade and bal-ance of payments will be under renewed pressure in 1988, the ECE predicts. It discounts the possibility at this point of any burst in Soviet borrowing in support of import expansion. Eastern decision-makers are

presented with serious problems by their stagnating exports and payments constraints, the ECE states. On the one hand, boosting imports would require a higher level of indebtedness. On the other hand, import restraint is likely to hinder domestic growth and the modernisation drive. However, the ECE points out modernisation is of key importance, if the East is to improve its export capacity, reverse its decline in international competi-

Canberra

firm after

poll upset

AUSTRALIA's Labor Govern-

ment has re-affirmed its tough stance on economic policy despite the loss of electoral sup-port last weekend — with Mr Paul Keating, the powerful Trea-surer, leading the way.

The party suffered a major defeat in New South Wales and a

### **Red Cross** condemns chemicals use in Iraq

By Andrew Gowers, Middle East Editor

INTERNATIONAL condemnation of the renewed use of chemical weapons in the Iran-Iraq war intensified yesterday as Iran fired another missile on Baghdad and Iranian gunboats attacked a Cyp-riot tanker in the Gulf.

The International Committee of the Red Cross issued a strong-ly-worded statement in Geneva condemning the use of the weap-ons following evidence of severe casualties from chemical attacks in the town of Halabja in an area of north-eastern Iraq occupied by Iran, and said it had taken "urgent steps" to bring about an and their their parts of their parts. end to their use.

The attacks, in which Iran says some 5,000 Iraqi civilians were killed last week, have been widely blamed on Iraq. Baghdad has consistently denied having used chemical weapons, despite evidence to the contrary published by UN inspection missions.

The ICRC said: "The use of chemical weapons whether weapons whether weapons whether weapons whether the structure of the said: "The said chemical weapons, whether against military personnel or civilians, is absolutely forbidden

by international law and is to be condemned at all times." It has told Iran it is ready to send emergency assistance.

Meanwhile, Iran said it had fired a missile at a military cen-tre in Baghdad in retaliation for

an Iraqi missile attack on Tehran on Tuesday.
In the Guif, gunboats hit the
Cypriot tanker Odysseas H in the
sixth Iranian attack since Sun-

Moves were also afoot yester-day to try to defuse trouble at this year's Haji, the Moslem pilgrimage to the Saudi holy cities of Mecca and Medina.

After a meeting of Islamic foreign ministers in Amman, Prince Saud al-Feisal, the Saudi Foreign Minister, announced that the

# South African church-state conflict likely to worsen tions on formal black political activity. Ultimately South Africa has politicised churches, schools, trade unions and the like because blacks are deprived of formal political representation or the

THE SCENE has been set for a church-state clash in South Africa. Relations between the leading Christian churches and the white Nationalist Party Government have sel-dom, if ever, been more polem-ical or strained.

ical or strained.

The conflict between religious and secular leaders, which has been looming for many months, evented shortly after the Government in effect banned 17 extra-parliamentary black political organisations last month. This was quickly followed by a statement from Anglican Archbishop Desmond Tutu that the churches would fill the resultant vacuum and take over the anti-apartheid

struggle. His defiant statement came hours after he was detained by

BY ANTHONY ROBINSON IN JOHANNESBURG

the ever-obliging South Afri-can police while attempting to lead a protest march on Parlia-ment. The propaganda advan-tage of being arrested, along-side the Rev Allan Boesak, the Coloured Dutch Reformed Church leader, Catholic Arch-bishop Stephen Naldoo and other restor elegion was a riother senior cleries, was re-in-forced when, for good mea-sure, the police water-hosed other churchmen in front of the world's television. The church-state conflict arises from the Government's increasingly severe restric-

political representation or the vote in national politics. The forces which led to polit-ical aparthoid are reflected in institutions such as the churches which mirror the ten-sions of an ethnically and politically polarised society. The divisions are no longer exclusively ethnic but are increasingly ideological and political. The white Dutch Reformed Church for example

is now split along lines which reflect the political split between the nationalist and onservative parties. So is the Anglican Church,

Most observers believe, how-ever, that the EPLF cannot win

the war militarily. Instead they must hope that the cost of the conflicts in Eritrea and Tigray

which has experienced an exo-dus of well-heeled, traditional English-speaking white members in response not to the election of a black man as Archbishop per se bui, defec-tors argue, because of his political stance in favour, for example, of disinvestment and sanctions.

Although Archbishop Tuta's personal warmth, humour and religiosity have endeared him to some originally sceptical white members of what is now an overwhelmingly black church, his stewardship has also provoked opposition from some influential black Angli-

Mr Oliver Tambo, the ANC leader in exile, among its members and also embraces

Chief Mangosuthu Buthelezi, his rival Inkatha leader. But the Archbishop, a former patron of the United Democratic Front, ostentationsly excluded Chief Buthelexi from the enthronement guest list two years ago. Instead the Archbishop invited celebrities from abroad, especially the US, where his skill with the witty one-liner and mastery of television leaves the tonera-tied vision leaves the tongue-tied

Afrikaner spokesmen for Pre-toria in the shade.

Stripped to basics the per-sonal and political resentment of men such as President Boths, whose own experience of the media has left him with a dangerously volatile mixture of contempt and fear, boils down to anger that the Afrika-ners' dogged attempt to create

a more just, fairer society are being sold short by men like Archbishop Tutu and Dr Boe-

sak.

For the President and many who think like him the nation's political priests are tantamount at best to Stalin's 
"useful idiots" or at worst to 
closet Marxists hiding behind 
"the structures and the cloth 
of the Christian church". 
Such are the iropies of South' 
Africa. The overwhelming

Africa. The overwhelming majority of the population pro-fess the Christian faith accord-ing to their different lights. The thriving Jewish, Moslen and other communities all pray for peace and reconcilia-tion. But the traditions and customs which reflect the wider divisions of society

# deteat in New South wates and a drain of support in polls in three other states, prompting fears that the Government, headed by Prime Minister Bob Hawke, would retreat from its ambitious economic adjustment programme gramme. But in a barrage of remarks over the past two days Mr Keating and other economic ministers and officials have made it clear that any review would only affect presentation not policy.

presentation, not policy.

Mr Keating yesterday admitted
the loss in New South Wales was
not only because of a feeling that, after 12 years, it was time for a change of state administration. He said it also reflected the fall in living standards as the country grappled with its current account deficit.

installation that could have processed fuel to extract plutonium, a key component of nuclear weapons, according to American press reports yesterday.

US officials quoted in the New York Times said the effort to build an installation capable of plutonium extraction violated a secret commitment to the US that it would not undertake in the insisted that the Federal Government's strategy to deal with that external imbalance – tight monetary and fiscal policy – was producing positive results and had to be continued. The current account, he declared, was the main game. our traditional constituency.

# Eritreans claim big victory over Ethiopians

BY MICHAEL HOLMAN, AFRICA EDITOR

proves to be one of the factors per conflict.

Earlier this week the EPLF and captured that it had captured the town of Afabet during a big offensive launched last week. The guerrillas claimed that three Ethiopian divisions had been ment to regroup its forces for a "put out of action", and two further battle.

Soviet officers had been captured. A Soviet spokesman in Moscow confirmed this week that the officers had "gone missing".

EPLF officials said yesterday confirmed this week that the officers had "gone missing".

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US, Egypt in arms accord

THE UNITED States and Egypt memorandum would facilitate have agreed on closer co-opera-tion in arms development, raising neers and co-operation in

Cairo to the same military particulars and co-operation in research, development and property and Nato allies, Pentagon officials said yesterday, Reuter reports from Washington.

The officials said Mr Frank Carlucci, US Defence Secretary, recently become one of America's and Abdel-Halim Abu Ghazala, closest Arab friends in the Middle Egyptian Defence Minister, were

proves to be one of the factors leading to a change of govern-ment in Addis Ababa, which

Selassie, had manipulated the outcome and what has become Africa's longest war got under

At stake for the Soviet and Cuban backed Government of Mengistu Haile Mariam, which overthrew Haile Selassie in 1974, overthrew Haile Selassie in 1974, are the post-1962 boundaries of a state challenged by gnerrilla movements in the province of Tigray as well as Eritrea. A vital strategic concern for the Government is the fact that Ethiopia's main port of Massawa is in Eritrea and there is an important Soviet naval base on the Dahlak Islands, lying off Massawa in the Red Sea.



### Taiwan halts N-fuel work

By our Foreign Staff

TAIWAN HAS yielded to US pres sure to stop work on a secret installation that could have pro-

that it would not undertake not only forfeit political survival research to develop atomic weap-but, more importantly, we fail

# Minister, announced that the number of pilgrims this July would be fixed by quotas. This is thought to be a ploy to restrict the size of the framian contingent, which caused serious riots last year. Normally 150,000 Iranian pilgrims go on the Haji. The officials said Mr Frank its minitary equipment, has necessity become one of America's and Abdel-Halim Abu Ghazala, closest Arab friends in the Middle going to sign a memorandum of understanding at the Pentagon late yesterday. They said that the US-Egypt Pentagon last December. Egyptians watch Nasser's

Khaled Abdel Nasser

life-and-death melodrama

ECYPTIAN melodramas, heavily embroidered with family tragedy and intrigue are almost a cliche on the television screens of the Arab world. But in Cairo these days the real thing is being substituted for fantasy in the case of Mr Khaled Abdel Nasser, son of the late President. He is accused of complicity in the murder of Israeli diplomats and the wound-

र भूषाति

i-anis

ing of American officials. It would be tempting to present the case as an Egyptian version of Dallas, the American soap opera, if there were not life and death issues involved. The imaginative Egyptian press has excelled itself in the re-telling of juicier elements of the scandal that has touched some of the country's leading families.

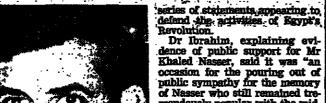
There have been stories of sex-ual orgies, wife-beating, cocaine use and bloody familial conflict. They have involved some of those (though not Mr Khaled Nasser) accused of membership of the Egypt's Revolution group which claimed responsibility for a series of shootings between 1984 and 1987.

Mr Mubarak has felt obliged on a number of occasions recently, amid a clamour of criticism from almost all opposition groups, to defend the right of the prosecutor's office to commit Mr Khaled Nasser and 19 others to trial. The President's defence of the

independence of the judiciary has not quietened the protests.

Professor Saad Ibrahim, one of Egypt's leading sociologists, believes the reaction to the Nasser case is revealing of current Egyptian attitudes.

The conflict is between legality and legitimacy," he says. There is a widespread feeling that enough violations have been committed by the Israelis sup-ported by the Americans vis-a-vis via, are Mr Gamai Shawki Abdel into the framework of the Arab-Israeli conflict, and once you put it into that context you have to weigh the actions of all parties." carried out Egypt's 1952 revolu-tion led by Mr Gamal Abdel Nas-



mendously popular with the middie and lower classes."

The issue had also arisen at a time of frustration in the commu-nity over rising prices and food

Dr Ismail Sabri Abdallah, a member of the central committee of the left-wing Tugammu party, said that from the standpoint of the "simple Egyptian in the street, to kill an Israeli is not a

He said, however, that the left should approach the case cau-tiously because you cannot play widely reported to have conwe want the rule of law and indetacted the US mission with
details of the group's activities.
While the circumstances of Mr. courts can't judge."

which claimed responsibility for a series of shootings between 1984 and 1987.

Beyond the scandal and the gossip, however, the case has a deeply worrying political dimension for the Government of President Hosni Mubarak.

The bringing to trial of President Gamal Abdel Nasser's son over alleged involvement in actions against Israelis and Americans has stirred nationalistic and xenophobic passions in a country burdened by its Nasser edly sought refuge in the ite past and politically sensitised by conflict in the West Bank and Gaza.

While the circumstances of Mr courts can't judge."

There is little doubt the Nasser case has been a fillip for the left in Egypt which has been eclipsed recently by the religious right.

A serious worry for the Government is the extent to which the neo-Nasserite Egypt's Revolution.

Opposition figures, including prominent lawyers, have seized on the apparent US involvement in the case (Mr Essameddin, who is a principal defendant, reported by conflict in the West Bank and Gaza.

of Egypt's sovereignty and that peace with Israel, its political Mr Essameddin's testimony role has diminished, should be disallowed. The American It was it underlines the sensican connection is a political tivity of the case in Egyptian polembarrassment to the Governitics that Mr Mubarak chose a

Egypt's Revolution, whose literature indicates it is a neo-Nasserite group committed to the abrogation of the peace treaty with Israel, has claimed responsibility for the murder of Israeli officials in Cairo — in August 1985 and March 1986 — and for meeting of senior and middle officials in Cairo - in August 1985 and March 1986 - and for Mr Mubarak, a former air force the wounding of two US embassy staff, including the head of secucommander, owes some of the legitimacy of his own position as rity, as they drove to work last a leader of the administration, May.

Among 20 defendants in the case, including Mr Khaled Nasser military, to President Nasser's Egyptian observers are already the Palestinians that this whole affair should not be treated as an isolated incident. It should be put into the framework of the Arabistal conflict, and once you put vice president and a name of Mr Hussein el Shafei, a former bouli, the leader of the Islamic lead Jihad group that assassinated

the group of army officers who earlied not be group of army officers who carried out Egypt's 1952 revolution led by Mr Gamal Abdel Naser, as far as the Government is concerned, is the apparent involvement of the American embassy in Cairo in the case.

Last August, Mr Ahmad Essameddin, the alleged leader of the Egypt's Revolution group, is the group of army officers who carried out Egypt's 1952 revolution led by Mr Gamal Abdel Naser, as 38-year-old engineer who field first to London last September and then to Beliff on the Government, caught between its obligations to observe legality on the one hand and the pressure of public opinion on the other than the Egypt's Revolution group, is pot boiling in Egypt by issuing a secured."

# When the SWA is comfort, the clue is six across.

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LEADING THE WAY TO THE U.S.A.

### on ceasefire

By Robert Graham TALKS between the Nicaraguan Government and the US-backed Contra rebels were yesterday close to a breakthrough in agree-ing to a ceasefire in the war that has bitterly divided the country

for more than six years.

Both sides were optimistic as they began a third day of talks at Sapoa, near Nicaragua's border with Costa Rica. Earlier, General Humberto Ortega, leading the Sandinista delagation, said he expected "concrete results" to

expected "concrete results" to emerge from the discussions.

It is the first time the Sandinistas have talked directly to the Contras on Nicaraguan soll. The talks are being held within the framework of the Central American peace agreement signed last August, and have gone ahead despite a big Sandinista offensive against the Contras which caused serious tension with Honduras and led the US last week to despatch 3,200 troops there.

patch 3,200 troops there.
Negotiations have now centred on the mechanics of a ceasefire as a prelude to the opening of a broader dialogue with existing legal parties inside Nicaragua. Sandinista officials said much bargaining remained which could lead to a further day of talks.

They were anxious to go as far as PRESIDENT Jose Sarney of Bra-

possible in reaching an agree-ment during these sessions. The Sandinistas are proposing The Sandinistas are proposing year term. Initi Martzi 1981, after a 90-day truce, with a new concession permitting Contras who lay down their weapons to be free of all prosecution and at liberty to be involved in politics. Another concession on the table is a pledge to free one political prisoner for every Contra adhering to the truce. There are 3,200 political prisoners, mostly except the minimum martzi 1981, after a new democratic constitution.

The president has fought a tough rearguard action, backed by the minitary, to serve a full term in office even though he has not been elected. (He became president in 1985 following the death of President-elect Tancredo political prisoners, mostly except the historic vote in Congress on a new democratic constitution.

The president has fought a tough rearguard action, backed by the minitary, to serve a full term in office even though he has not been elected. (He became president in 1985 following the death of President elect Tancredo political prisoners, mostly except the historic vote in Congress on a new democratic constitution. political prisoners, mostly ex-members of the Somoza regime

National Guard. The Contras are proposing a 45-day ceasefire while a permanent truce is negotiated that would also allow full political freedoms. During the ceasefire the 10,000 strong Contra force the 10,000 strong Contra force the lands of a Prime Minister.

The difficulty for the Sandmistas is that they do not want to be seen negotiating political concessions at this stage. These talks they regard as exclusively military. Discussion of the future role of the Contras and their supporters must take place within the context of a "national dialogue" with all the other political para

James Buchan in New York and Nick Bunker in London on lawsuits brought against leading insurers

# US states allege insurance conspiracy at the Garrick

THE GARRICK Club, a gloomy transways or waste dumps. In a Third, the apparent explosion Italianate building in London's period of heady expansion from of long-tail claims coincided with Covent Garden, is a good place the mid-1970s, the industry had falling interest rates, which cut for conspirators. According to competed vigorously to write back on insurers' investment court papers filed in San Franthese policies. for conspirators. According to court papers filed in San Fran-cisco on Tuesday, conspiracy was on the minds of a group of leading insurance men from the US and the London market who met at the club for dinner on July 4,

At the dinner, according to lawsuits filed by eight US states on Tuesday, were representatives of the US industry and the leading Lloyd's underwriters of US casualty reinsurance, led by Mr Robin Jackson and Mr Richard Hazell. The lawsuit says that the Lloyds men were "almost mili-tant" in saying that they would no longer bear losses by laying off in London a type of US insur-ance known as comprehensive

ance known as comprehensive the so-called Superium law, so-called mainity crisis or general liability (CGL).

This is the type of insurance bought by businesses, states and municipalities to protect themselves from their liability for selves from their liability for injury or damage from products or at schools, day-care centres, a site in Colorado.

the so-called Superium law, so-caused mannity crisis or switch made clean-ups of toxic 1984-86, when the availability of waste dump sites compulsory, liability insurance dwindled burden which insurance dwindled burden waste dump sites compulsory, liability of waste dump sites compulsory, liability insurance dwindled burden waste dump sites compulsory. Insurance dwindled burden waste dump sites compulsory, liability of waste dump sites compulsory. Insurance dwindled burden severely.

Shell Oil for the cost of cleaning about the crisis ever since. One injury or damage from products up the Rocky Mountain Arsenal, factor which in the past appeared to limit their scope for action is

competed vigorously to write back on insurers' investment these policies.

But the risks of the cover are the US industry plunged to a take years to appear. By 1984, the industry faced hig losses from "long-tail claims" on policies written years before.

In insurers' eyes, the 1980s had ing was one of many secret conshown a dangerous escalation of fabulations behind a vast Transaterial to the conspiracy to restrict ages awards by American juries, liability coverage. The suits and a tendency for judges to allege that four leading US insur-

ages awards by American juries, hability coverage. The suits and a tendency for judges to allege that four leading US institutions of an insurers liability, initions of an insurers liability, and the leading threats. First, damages claims by Lloyds North American non-masses in suits against US corrine underwriters to force the porations were mounting. Sec- whole industry to reduce cover ond, in 1980 the US had passed and drive up premiums in the the so-called Superfund law, so-called "liability crisis" of which made clean-ups of toxic 1984-86, when the availability of



agencies and fund a trust to cover claims that arise from risks

cover claims that arise from risks uninsured during the crisis.

According to the New York State suit, the Garrick Chib meeting was followed, on September 1984, by another club dinner, in New York. The host was the Insurance Services Office, which writes standard policy forms for use by the primary insurers. The guests were the Lloyd's men and the hig US reinsurers. The reinsurers told their host that they would withhold reinsurance for commercial general liability

Clements: "one-way street in favour of insurance companies."
that the US insurance industry has a partial exemption from federal antitrust laws. The argument is that insurers need to pool some information to enable them to price their policies properly.

But the suits say the industry engaged in "boycott, coercion and intimidation" — which are not granted immunity from anti-

trust laws. The suits will sak the agreed to boycott one of the most court to force the industry to unpredictable risks — pollution restore cover and provide money cover. An agreement, with 40 signatures to compensate state natures, is in the court papers. But the claims made policy was

surrounded by an element of con-troversy, and encountered strong buyer resistance, because it appeared to deprive the policy-holder of certainty of insurance coverage. Mr Bob Clements, pres-ident of Marsh & MrLennan, the biggest US insurance broker, has called it "a one-way street run-ning in favour of the insurance communics"

All four US companies, the ISO and yesterday the Lloyd's underwriters say they have no case to

### Revised estimates show faster **US** growth By Anthony Harris in Washington

THE US economy grew even faster in the final quarter of 1987 than previous estimates suggested, according to the latest revision of the figures by the US Department of Commerce. The new estimate is that gross national product grew at an annual rate of 4.8 per cent, compared with 42 per cent in the first estimate, and 4.5 per cent in

the first revision.

The figures still show that stockbuilding was by far the strongest component of final answer.

Mr Stephen Merrett, a leading strongest compound demand, accounting for more demand, accounting for more than three quarters of the total, though the estimate for the rise in non-farm inventories has been more downwards slightly. revised downwards slightly. When this figure was first announced, it led to widespread forecasts of a sharp slowdown in the economy, but subsequent evi-dence has shown that this was

probably misleading.

The main significant change in The main significant change in the new estimates is an upward revision of consumer spending, though this is still shown as sharply down from the third-quarter peak, just before the October stock market crash.

Meanwhile, the new figures for consumer prices, also published yesterday, maintain the subdued inflation trand of recent months, Prices rose 0.2 per cent in February.

### UN vote again attacks move to shut PLO office

The United Nations General Assembly yesterday again attacked the US decision to close the Palestine Liberation Organisation's mission.

With only the US and Israel opposing, the General Assembly deplored the failure of the US as host country to comply with its

deplored the faunce of the up as host country to comply with its obligations under the 1947 agreement that established the UN's headquarters in New York.

Mr Herbert Okun for the US and the Administration had said the Administration had objected to the congressional law that ordered the closing of the mission. A Federal court is to decide the case.

# Brazil's historic vote leaves Sarney firmly in the saddle

year term, until March 1991, after the historic vote in Congress on a

Neves.) The vote on Tuesday was a victory for Mr Sarney, with his supporters in the Congress voting 344 to 212 in favour of a

inside Nicaragua would be grouped in special zones.

The difficulty for the Sandinistas is that they do not want to be the proposed for the sandinistant pro

The congress vote for a presidential-style constitution shows the power of the military, says Robert Graham,

Minister, who is demanding the cannot afford to be as hard-fisted implementation of a tough austerity policy. Until now Mr Sarrey has shrunk from placing economic considerations above those of his own tenure.

This creates a problem for the Canter and April.

Latin America Editor

Tuesday's vote demonstrated, Government, since it too is run-as if there were ever any doubt, ning out of money. Brazil the power of the military in Bra-urgently needs more loans from zilian politics. Their role will its foreign creditors, to avoid

the hands of a Prime Minister.

Having lost this battle, Mr Sarbard period of the possibility of the same void entered to try to curtail the length of his temure. A vote on this issue could take place by May.

If Tuesday's vote had gone against Mr Sarney, direct elections would have been held almost certainly this year.

Uncertainties over the length of Mr Sarney's mandate will continue to hamper the hand of Mr Mailson de Nobrega, the Finance vitalian politics. Their role will its foreign creditors, to avoid exhausing currency reserves by April. The creditors demand the Government spend less before lending it any more money.

A despairing Mr Nobrega hopes that Mr Sarney now feels confident enough to deal with the federal manual treatment of the possibility of eral deficit that is pushing inflational reverse. Code this year. Mr Jose Marcio federal payroll will exceed tax federal payroll will exceed tax said: "It was to the military that

was they who got more results."

The presidential Planalto Pal-

The presidential Planalto Pal-ace dipped deeply into its wealth' of patronage and relied heavily on the influence of state gover-nors to win Tuesday's vote. Most of the governors have run out of money: they will want to be rewarded for their loyalty, as will

### Congress delay on Gephardt amendment

By Nancy Dunne

CONGRESSMEN working on the US Omnibus Trade Bill have delayed consideration of the controversial Gephardt untair trade practices amend-ment until after the Michigan caucuses on Saturday.

The House of Represents tives is sticking to its line, unacceptable to the Adminis-tration, which would transfer authority for determining trade violations and taking action on them from the Presi-

Further, the House is insist-ing on adding to the list of a nations' unfair trade practices, the following: export target-ing, a "persistent pattern of conduct" which denies work-ets rights, and restrictions on market access.

Discussions between the House and Senate are expected to lead to rejection of the Gephardt amendment. This authorises US trade barriers Omnibus Trade Bill.

On entering Michigan, where gate-rich New Jersey primary on trade and tobs are key issues in a June 7 which along with Califistate dominated by the domestic ornia are the last big events US car industry, Mr Dukakia before the convention in Atlanta began to back-pedal. against any country showing persistent trade surpluses and found guilty of unfair trade

### for tough trade laws BY LICHEL BARBER IN WASHINGTON

**Dukakis** comes out

GOVERNOR Michael Dukakis of This week, he endorsed legislaMassachusetts, the front-runner tion backed by the local Demofor the Democratic presidential crat and US Senator, Mr Donnomination, has shifted his campaign in favour of tough new trade legislation.

The shift appears aimed at delivering a knock-out blow to Congressman Richard Gephardt of Missouri, the economic nationalist whose future as a Democratic candidate rests on the wise a northern industrial state.

Gephardt for backing a protec-tionist trade policy. Mr Dukakis has also said pub-

hich that the President has all the powers he needs to combat unfair trading practices, and therefore does not need extra authority as provided by the Gephardt amendment to the Consider Trade Bill

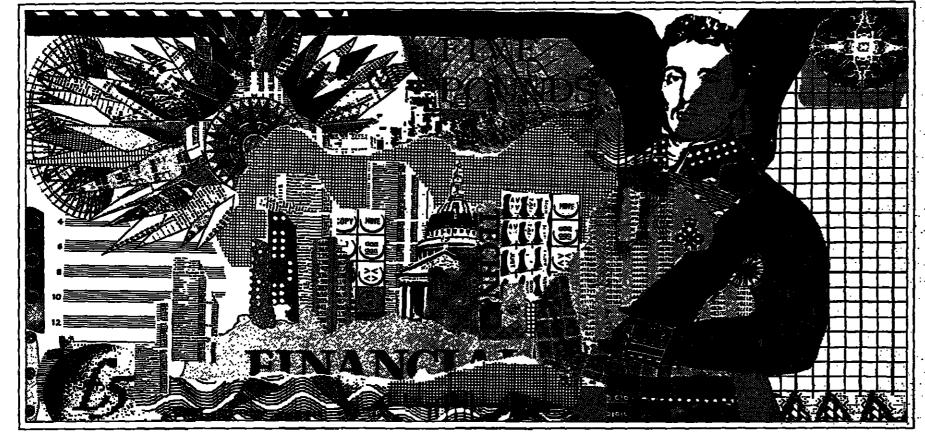
alist whose future as a Democratic candidate rests on the wise a northern industrial state. 
Michigan caucus results this Satmidy.

But it has brought charges of Jackson and with a hig lead over 
"flip-flopping" because Governor the cash-starved Mr Gephardt, 
Dukakis has spent much of his and fellow rivals Senator Albert 
campaign boasting his free-trade Gore of Termessee and Senator 
Casheadt for backing Mr Paul Simon of Illinois. By Our UN Correspondent

Governor Dukakis was expec-ted yesterday to pick up a big-name endorsement in the shape of Senator Bill Bradley of New Jersey, often mentioned as a dark horse nominee in the event of a deadlocked Democratic national convention. The Bradley endorse-

Business law, Page 20

# Norsk Data didn't buy Wordplex for nothing.



EUROPE'S FASTEST-GROWING TECHNOLOGY.



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Europe's largest manufacturer of super-minicomputer systems. We place a strong emphasis on Fourth Generation total solutions for (amongst others) Local and Central Government, Manufacturing, Financial Services and Commerce,

Since 1980, we have been firmly committed to the UK. Apart from our headquarters near Newbury, we have six regional offices - and over 2000 UK customers that range from ICI and Natwest to the DHSS and the

Technology apart, one of the main reasons for our success is that we're the only European I.T. company to supply and accept total responsibility for every aspect of hardware, software and support.

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in the meantime, we'll leave you with this thought: While perfect marriages may be made in heaven, true compatibility usually begins at Benham Valence, Newbury, Berks.



T H ESCREE

To find out more about Norsk Data, return this coupon to Norsk Data, Benham Valence, Newbury, Berks RG16 &LU,

# EC threatens to impose levies on underpriced ships factory

terday threatened to demand the imposition of punitive port levies on unfairly underpriced Japanese and South Korean vessels visiting the Community, unless the two countries strike an accord with the EC on fair competition

estimates show faste LS grown

in shipbuilding.

The move follows EC shipbuilders' demands for protection against price-cutting by Far Eastern shippards, mainly in South Korea, where ships have been sold for less than the cost of pro-

It will be welcomed by European shipbuilders as a sign that the Community is prepared to keep alive at least some of the industry and its 98,000 jobs.

Brussels trade experts are to start talks with their Japanese and South Korean counterparts shortly. Mr Willy de Clercq, European Commissioner for external trade, is to produce details of how the levies would work by the end of June. If the discussions appear to be making no progress, he will ask member states con-sent to put the fines into effect. The fines would apply to South Korea 17 per cent.

"abnormally priced" vessels built Japanese shipyards reduced in Japan or South Korea, irre-capacity from 6m compensated

Brussels hopes the talks will result in ways to "stabilise the market", including setting prices at profitable levels, reducing huge disparities in state aid, and "equitable" capacity reductions. Yesterday's move is a recogni-

tion that EC rules allowing its shipbuilders a limited amount of state aid - 28 per cent - are failing to bridge the gap in costs between Community yards and their Far Eastern competitors.

Mr. Alain Grill, chairman of
CESA, the committee of EC shipbuilders' associations, said. This encouraging initiative is a further important signal to our Far Eastern competitors that they cannot solve their problems to the disadvantage of European

shipbuilding."

Despite the Japanese industry's problems, Japan and South Korea are the main external factor in EC shipbuilding's decline from just over 28 per cent of the world market in 1975 to around 13 per cent now. The Commission says Japan holds nearly 47 per-cent of the world market, and

spective of registration.

They would only apply to ships
Transport is predicting another cut this year.

### Hyundai wins Canadian ruling on dumping cars

yesterday roled that the dumping of Hyundai cars on the Canadian market has not materially injured the domestic car indus-

canadian subsidiaries of General imposed preliminary duties.

Motors and Ford, deals a severe blow to Detroit's attempts to comtrol the growth of imports in the North American car market.

GM and Ford were widely believed to be treating the analysis of the US totalled 264,000 or 26 per cent of that market. dumping complaint against the had earlier found that Hyundal South Korean car maker by the had been dumping cars and

THE Canadian Import Tribunal market. Japanese companies The tribunal also ruled that duties already charged on Hyun-dal cars will be refunded. The The decision, which followed a Canadian revenue department department against the had earlier found that Hyundal

# £193m credit deal for Armenian

By Peter Montagnon, World Trade Editor MORGAN GRENFELL yesterday dened a £193m export credit ngian, a 1930 export create package for the Soviet Union to finance the 2246m contract won by Simon-Carves last December to establish a plant automation equipment factory at Yerevan in Avanceis.

the numbrella of last year's Soviet/UK trade finance protocol, is the first sterling buyer credit for the Soviet Union to be signed since 1979, Morgan Grenfell said

on £160m of the total.

Morgan Grenfell said it had therefore incorporated into the package a £53m fixed-rate 11½-year sterling loan on which interest subsidies will not apply.

The been started life as a floating The loan started life as a floating rate credit provided by the hank itself which was then swapped into fixed-rate finance in the international capital markets. Such swap operations are still

Such swap operations are still relatively rare in the export finance market. They are difficult to arrange because of the length of the final maturity as well as the complex drawdown and repayment schedules required by and-borrowers.

Morgan declined to disclose details of this operation, but said the fixed interest rate worked out below the 10.4 per cent maxithe fixed interest rate worked out below the 10.4 per cent maximum currently permitted on long-term sterling export credits. The interest subsidy on the £160m portion will be struck at 9.8 per cent, which was the maximum permitted at the time the 2 yerevan contract was signed, though as with other credits. though as with other credits under protocol the experter will have to finance a further subsidy to bring the rate paid by the Soviet side into line with its own

GM and Ford were widely believed to be treating the current complaint as a test case before launching similar challenges to importers to the US company was disappointed.

Separately, Morgan Grenter Separately, morgan treating and Midland Bank said they have each signed £50m lines of credit under the Soviet/UK protocolor launching similar challenges to importers to the US company was disappointed.

Peter Montagnon on moves towards a common code of checks on export goods The pitfalls of pre-shipment inspection

guods they are buying from forcign suppliers.

Over the past couple of years,
first in the US and now increaslarly controversial. Most exportingly in Europe, businessmen have been complaining hitterly

inspection process causes them delay, extra expense and infringes what they see as their right freely to negotiate a price with their customers oversess. estenday.

The four main inspection agenThe entire 2193m package will cles — Societa Generale de Surhe guaranteed by the Export veillance and Cotecna inspection of Switzerland, Bureau Veritas of but, because the contract includes equipment to be supplied by Yugoslavia, ECGD will only provide interest subsidies on \$1.60m of the total. clear that mud-alinging is finally three beginning to give way to serious fees. talk on the inspection industry's Th

ers accept the need for some form of inspection to counter maluracabout the way in which the tice and acknowledge that it sometimes occurs.

For developing countries facing capital flight and an acute shortage of foreign exchange this is a serious problem. Mr J.E.B.Haizel, a Ghanalan trade official, said his experience with imports over the ten years to 1986 had produced evidence of "blatant cheating on the part of both importers and exporters and sometimes collu-sion between the two." Mr Munga Wa Mbesa of the Office Zairois de Controle said the use Chamber of Commerce (ICC) in of inspection agencies yielded for-Birmingham this week it became clear that mud-slinging is finally three or four times the inspection

The real controversy lies, howinture. ever, in the degree of power Not only have the inspection wielded by the inspection agencies themselves begun to companies themselves begun to companies themselves begun to companies themselves. Exporters companies their decisions, particular to the degree of power in the degree of power i

finds some sympathy in govern-ment circles came from Mr Bruce Butterworth of the US Department of Transportation who said the inspection agencies enjoyed a monopoly position, and that their operations were obscure and not subject to international disci-

pline.
Like the EC, he said, the US
now wanted this subject to be covered in the Uruguay round under the rubric of non-tariff barriers to trade. Mr David Love, of the UK Department of Trade and Industry, said such a multilateral route was preferable to national licensing arrangements because it would involve developing countries who employ inspection

agencies.

He said he hoped that a comprehensive and binding code of practice would emerge in the General Agreement on Tariffs and Trade (Gatt) which would ensure that the criteria used by on shipments were reasonable. Among the concerns of export-relevant and transparent. It ers with the Gatt solution is that

preshipment inspection agencies, the federation opposes formal lic-ensing, according to Mr Robert Wareham who chairs its sub-committee on the issue. The laws of the various supplying companies differ so much that it is quite unlikely that uniform provisions could be enacted. Some countries

may even refuse to legislate in the matter," he said. Exporters attending the Birmingham conference said that governments now seemed to be much more willing to tackle the problem than they were in the past, but several expressed doubts over the efficacy of the

Gatt approach.
"My fear with the multilateral code is particularly with the time that it's going to take," said Mr Ian Campbell, Chairman of the British Exporters Association. Some form of licensing at least at ensure that the criteria used by EC level was required urgently, inspection agencies for checking he added.

FEW ISSUES OF practical trade mon code of practice. Governpolicy arouse such vehement emotion in exporters as that of pre-shipment inspection or the developing country practice of employing independent companies in the industrial world to check on the price and quality of the ICC is also working on a gencies they are huring from for code of practice. Governments, including those of the EC abritrary, that they are taken that they are taken they are taken abritrary, that they are taken to case, he said.

This approach is one that suits which is not a member of the inspection agencies them selves who have banded into a federation to argue their case.

Though West Germany has adopted a licensing system for their importance of the EC is also working on a code of conduct. their imports also include many who are either not members of the Gatt or who do not subscribe to its relevant codes like the Customs Valuation Code. It might

> Moreover some doubt whether a Gatt code could deal effectively with the risk of corruption inherent in any inspection system or with the need to ensure that the agencies themselves are ade-quately staffed and qualified to perform the work they set out to

therefore prove difficult to

enforce a multilateral code, they

What is now clear, however, is that the debate is moving for-ward towards some form of control over an industry that up till now has operated largely under its own rules. The inspection industry is now fully mature, said Mr John Beck of the EC Commission. "It deserves to be regulated like all other industries more accountable, more transpar-

### **NSW** government drops plan for Sydney casino

BY CHRIS SHERWELL IN SYDNEY

INTERNATIONAL tenderers hid-government suddenly reversed ding to operate the world's largitis decision awarding the conest casino in Sydney have lost tract to a consortium linking out the newly-elected Liberal Harrah's of the US with a local

old dockland area near the Sydney harbour bridge which is into the ground, Harrah's, now being re-developed under a project initiated by the now-ousted Labor government.

Within months these, too, ran into the ground, Harrah's, now with a new partner, was dropped again, apparently after disagreements over the state's demand

Originally supposed to have house it.

and National party coalition government in New South Wales has called the plan off.

The 400-table casino was part involved with the consortium, of a A\$600m (£245m) hotel project and meant fresh tenders had to located in Darting Harbour, an be called.

Both the redevelopment and for a 30 per cent tax on casino the casino generated heated con-revenues. Labor, committed to troversy, and contributed in a building a casino, ordered a third amall way to Labor's heavy round of bids, but this time sepa-defeat over the weekend. The rated tenders to operate the casino, in particular, became a casino from those to construct the large hotel which would

opened this year to coincide with
Australia's bicentennial celebra
tions, it became the victim of a did so again, and they were mishandled tender process which caused protracted delays.

Back in August 1986, the state

# Renault chief urges protection

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

MR BAYMOND LEVY, chairman creating a single market in the French and Italian support. "I

norm-east England or Honda's Mr Levy's speech was one of co-operation with Austin Rover the most strongly-worded calls for local production of Honda yet made by a European car cars in the UK, would create industry leader for protection overcapacity in the European after 1982.

of Renault, the French state- European Community from 1992 think the British were since owned automotive group, issued without imposing curbs on think some Germans were."

a strong plea yesterday for imports, particularly from Japan far-reaching protection of the and newly-emerging car production of the and newly-emerging car production of the and newly-emerging car production of the stronger of

mixed feelings" about the setting told the French Chamber of Comup of Japanese car plants in merce. For the time being the
Europe, and warned that projects European car industry needed
such as Nissan's car plant in
horth-east England or Honda's Mr Levy's speech was one of

"If they come to your country clation, CCMC, has already with automated plants and lower demanded that the Japanese production costs, their competishare of the European market tion will have the same effect as should not be allowed to increase and of the economic war at the same effect as should not be allowed to increase and of the period of protection."

"We must make gains in the going to have to close plants and Japan reach at least half the level of Japanese exports to Europe.

Mr Levy warned strongly Asked if all producers had against the consequences of backed this move, he said he had arms."

Europe could not simply follow the "ideals of free enterprise", he said. First the European car against Japanese imports.

"We are going to destroy our industry had to be rebuilt with standards in productivity, costs share of the European car market import more we are going to have to be "frozen" at the current level to close plants in Europe."

Present import quotas could not be removed overnight, he said that Renault had "very not be removed overnight, he regold that Renault had setting that the Europe of Community regold the European Community

needed time to build something strong, "to prepare economic war with our competitors." Europe would soon see Japanese cars being exported from the US to

Mr Levy said European car makers should increase co-operation and collaboration in Europe. "If we remain dispersed with too suppliers, it could end with the loss of the economic war at the

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# **British Telecom** sets itself tough service targets

BRITISH TELECOM yesterday released ambitious quality of service targets which it hopes it can apply to most of its customers by the early 1990s.

It also disclosed that it is pre ing to be allowed greater freedom to become involved in television rogramme delivery.

The company, which was widely criticised last year for the quality of its service, yesterday published the standards it expects from the big programme now under way simed at modern-

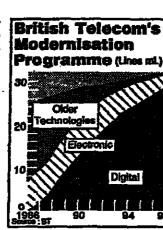
ising its network.

Mr John Tippler, director of BT's UK network, said there should be fewer than 0.05 faults a year on a line in a fully modern-ised network, compared with the 0.2 faults recorded by BT in Sep-

On a modern network, fewer than 0.5 per cent of calls should fail because of network faults, compared with 4.2 per cent in

The average time taken for a call to connect should be one second compared with 12 seconds in September.

BT, which released these fig-ures in a briefing to City ana-lysta, said the rate at which its customers could expect these standards of service would be customers count expect these standards of service would be determined by the speed at which it introduced digital exchanges or modernised its existing TXEA signals to be carried along the



well over three-quarters of its lines would be connected to these modern exchanges and customers using them could expect the stan-dards of service predicted yester-

Dr Alan Rudge, BT's director of research and technology, said the company had told an official committee that optical fibre would be introduced into Britain's local communications network more rapidly if BT were allowed to become more involved in the delivery of television ser-

### BT close to 90% target for working call boxes

"HRITISH TELECOM is close to achieving its target of having 90 per cent of call boxes working by the end of this month.

The latest monthly survey carried out jointly by the company and the Office of Telecommunications, the industry's regulatory body, showed a sharp improvement in the number of boxes working. a sparp improvement in the number of boxes working. BT and Offel began publish-ing monthly surveys in the antumi, following complaints. Of the 7,434 call boxes sur-veyed between February 6 and March 4, 87.2 per cent were working working.

This compares with 77.5 per

The results of surveys before that varied between 72 and 77

The company, which has been devoting more resources to call boxes and reviewing procedures in the service, is confident it will meet the 90 per cent target.

Anthony Moreion writes: A study of telecommunications needs in Wales has been launched by a consortium of counties in the principality acting with the Welsh Develop-

More than 1,600 companies are to be staveyed and interviewed in the next three months to essess the extent to which the present services

David Fishlock on moves to decide whether there is any health danger from electricity

# Boosting research in a current debate

IS ELECTRICITY bad for your health? There are hundreds of different electrical devices en sale claiming to use electricity and its effects to improve health and treat cleimers, but the electricity tricity supply industry will spend film this year investigating possi-ble ill-effects from its power

round the home.

It has already spent about \$2.5m on such research in the past 10 years, with results which at worst could be called equivocal. It now plans fresh studies using a seach-improved method of measuring magnetic and elec-trical fields.

Rectricity and magnetism are inter-related. When a coil of wire s rotated in the magnetic field between the poles of a magnet, electricity flows in it. This electricity sets up an electric field.
Such devices, known as magnetos, mounted in polished mahogany boxes and turned by a han-

dle, were the basis of a popular electrical treatment around the urn of the century. According to the instructions which came with one made by F. McElroy, electrician, of Manches-"most agreeable to the patient," it-was good for no fewer than 50 ailments, from weak eyes to debility, want of power, fits and

Turned slowly, this magneto produced a pleasing tingle of a few milliamperes of current. Turned faster, the current increased to the "let-go" point of becoming to how

eginning to hurt. There is stronger evidence that some modern electrical devices can be efficacious. One is the no lor defibrillator, which uses a high-finding

AN OFFSHORE wind turbine and three demonstration what parks, each with 25 turbines, are to be built in a 230m programme to develop alternative sources of power.
The scheme was amounced yesterday by Lord

Mushall, chairman of the Central Electricity

Generating Board.

A 750-kilowatt wind turbine is to be built at set off the north Nurfolk coast in a 22m project sponsored by the CEGB, Department of Rossey, Eastern Rectricity, turbine manufacturers and

the European Community.

The South-west, west Wales and the northern Pennines will be considered at possible sites for the three wind parks, which could provide enough electricity for 15,000 people. The £28m programme is to be jointly funded by the Department of Energy and the CEGB.

Lord Marshall hold a British Wind Energy Association conference that if all went well it was planned to scale up to parks with several

a fintiering heart back to a

steady beat.
Another, which like the medi-

cal magneto has Edwardian ori-gins, is the use of electricity to warm the tissues. Short-wave dia-thermy, as it is known today, uses radio waves to accelerate

healing of soft-tissue injuries

Current interest in adverse

health effects of electric and mag-netic fields began a decade ago with slightly alarming Soviet

reports of lethargy and loss of libido among electrical industry

But research in Britain and the US failed to confirm the Soviet reports. The Russians themselves to longer stand by their original stations.

sucit as surains

was planned to scale up to parks with several hundred machines.

wind power will be able to provide by early next century 1,000 megawatts of economic elec-tricity generation, an disput equivalent to that of a reasonably large power station.

It is hoped the parks will be built between 1998 and 1992 and that the offshore turbine, mounted on a steel tripod and piled into the seabed 5 kilometres. (3.1 miles) off the coast, will come into operation in the early 1990s.

A wind park with 30-metre-high wind tur-bines with blades 30 instres in diameter would occupy an area of three to have square would makes and would have an espected operating lifetime of 25 years. Planning consent for the parks will have to be obtained.

Friends of the Butth, the environmental pres-sure group, welcound the programme. "This is one of the most exciting developments in the British energy scene over tecent years," it said, "and is a sure sign that renewable sources such as wind power are coming out of the laboratory and into the market place."

Those who live near high-volt-age cables offest find them intro-sive and know they give off sinis-sive and know they give off sinis-kitchen and bedroom and in ter sounds on a damp day. They may even experience "micro-are only a few hundred volts. As shocks" which, although no more properties of the CECCH cover site only

ment of cables. Those who did the research on behalf of the New York Health Department admit their experimental controls were necessarily poor. If an unequivocal association

were to be established between domestic electricity and cancer it would have serious implications for electrical engineering as we know it today, acknowledges Dr Peter Chester, CEGB environment director.

British power distribution ractice differs from the US, with UK cables buried in ways which tend to self-cancel their fields, but the industry wants to learn more about any biological effects.

The opportunity arose recently when Dr Chester's staff found a Canadian electricity company had micro-miniaturised a meter for electrical and magnetic fields, shrinking it small enough to be worn conveniently as a personal monitor. It records data for up to two weeks.

are only a few hundred volts. As Dr Robin Cox, chief medical officer of the CEGB, says: "We really have got to find out what our exposure is to magnetic fields in The wearers will mainly be electricity industry staff initially; secretaries and managers as well cle which, like the television ings in the US of an association detector vans, will be able to between overhead but low-volt-measure fields around homes and age cables of the kind which fisse even inside specific rooms.

University medical statistican homes, and leukaemia in cians will draw up questionnaires for personal details of health and The association is very weak; monitors. This time they will not statistically significant monitors. This time they will secause numbers are too sew but have the chance to correlate peosuggestive," Dr Cox says. ple's own observations with pre-Moreover there are serious cise measurements of the emana-



harmful than static electricity from a nylon carpet, can be wearisome if often repeated.

risome if other repeated.

But the electricity industry can find no evidence that the high-

voltage calles can cause any harm. Of necessity, people must be kept well out of range of any

emanations they may produce. Central Electricity Generating Board scientists developed a

walking stick with a built in meter and "walked the lines" to

evel there was nothing detect-

The present scientific interest focuses much nearer home - on

"...We look for stronger operating earnings in 1988 based on three fundamentals—further success in managing our businesses for higher returns, lower operating expenses and a continued improvement in credit quality..."

Extracted from a letter to shareholders by the Chairman, John F. McGillicuddy.

"... Restoring common shareholders" equity to four percent, the ratio prior to the reserving action, is our overriding priority. We intend largely to accomplish this objective by

the end of 1988 through a combination of gains from the sale of undervalued assets, the realization of tax benefits resulting from the addition to the reserve, and stronger operating earnings...

### **Asset Sales**

"During 1987, as part of the equity restoration process, we realized \$150 million pre-tax from the sale of undervalued assets... We continue to have substantial amounts of undervalued assets on our books. By selling a portion of them, we anticipate pre-tax gains in 1988 of \$400 million-\$230 million after-tax, but before tax benefits relating to the reserve decision.

### Tax Benefits

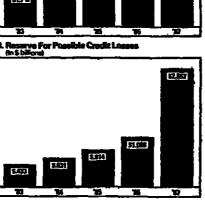
"In 1987, the full impact of the reserving action was mitigated by the ability to apply \$277 million in tax benefits. In 1988, we will have the capacity arising from operat-ing earnings and gains from asset sales to apply approximately \$200 million of the remaining \$342 million of tax benefits relating to the reserve action.

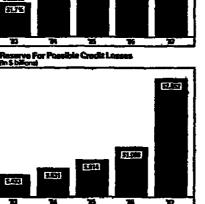
### Operating Earnings

. 7

"While tax benefits and special gains will be essential to rebuilding equity in 1988, it is the renewed strength of our basic businesses that will make the major difference this year and in the years ahead.

"We look for stronger operating earnings in 1988 based on three fundamentals—further success in managing our businesses for higher returns, lower operating expenses and a continued improvement in credit quality as was evident in the fourth quarter of 1987. "Manufacturers Hanover has strong





franchises in place within profitable segments

of three key markets. "Also in place is an effective profitability discipline to make these businesses pay off in higher returns. It proceeds from the logic that managing for higher returns dictates that we exit, sell or downsize businesses that no longer meet our targets while directing additional resources to the most profitable segments of our markets. The objective is clear-to enhance shareholder value...

Managing for higher returns formed the basis of the restructuring and other special charges we took in the fourth quarter

amounting to \$117 million. This primarily related to the exiting of businesses, a further sharpening of focus in selected markets, the closing of domestic offices and a planned staff reduction of approximately 2,500. With this reduction, total staff will have been scaled down by approximately 5,400 positions, or

17 percent, since the beginning of 1986.

"The restructuring portion of the fourth quarter charges amounted to \$82 million, but will result in an earnings benefit going forward of approximately \$95 million a year...

"Improved results were largely masked in 1987 by the reserving action in June and the fourth quarter restructuring charge. Progress was broadly based. For example, trading revenues increased 47 percent to \$161 million. Earnings from consumer bankina increased 22 percent to \$116 million. Net income for the Carporate Banking Sector totalled \$166 million, up from **\$**40 million in 1986.

"Also masked was our institution's continued success in controlling overhead. Without the restructuring and other special charges. operating expenses would have been up only 3.3 percent for the year—among the best performances for a money center bank. Expense control remains an imperative. We expect operating expenses in 1988 to be lower than last year's level.

"In summary, with a number of major restructurings behind us, the real value of our business franchises will begin to be reflected in stronger operating earnings..."

# Liverpool gains £16m bonus from debt shift

IVERPOOL has balanced its authorities doing their own LIVERPOOL has balanced its authorities doing their own budget, cut its rates and insucial administration in the increased social service spending money markets was to reduce for 1968-69 after discovering that Liverpool's total dents by more a creative accountancy device than £100m, as well as shifting the during its 1965 financial crises rightly responsible for them. This in turn reduced pressure that said it could.

The Labour controlled city ing space which helped the city

our everyday lives."
This is because of some find-

The Labour-controlled city ing space which helped the council agreed the 1363m budget avoid running out of money.

council agreed the £36m budget avoid running out of money.

yesterday, £ aiso agreed to work. No money changed hands durwith cooperative housing bodies ing this complicated financial and the private sector to help creties a mixed housebuilding policy. discovered last month that under
This represents a substantial government rules the debt transpolitical shift from the "council fers count as a capital receipt houses only" policy of the previewhich, means Liverpool can ous, disqualified Labour administration and will be seen by from capital receipts this year Labour nationally as a triumph instead of the £7m it expects the hard Left by Mr Keva ernment originally assumed. It over the hard Left by Mr Keva erament originally assumed. It Coombes, who has Mr Neil Kin- will all go on housing repairs,

Coombes, who has Mr Neil Kin will all go on housing repairs, nack's support as council leader.

The 1985 device consisted of various regional bodies — such as water and transport authorities and the now-defunct Merseyside county council — assuming responsibility for their own debts, which Liverpool had been hatsiling for them since 1974 as schoolchildren, £40,000 on an administrative convenience.

This because inconvenience.

This because inconvenience to roll it inflated Liverpool's apparent seems of the city lost the confidence of the city lost the confidence of the regional pipeline.

### Courtaulds to add 130 jobs in Ulster clothes plants

BY ALICE RAWSTHORN

Daintifyt Foundation Wear, a subsidiary of Courtanids Textiles, supplying lingurie to the Marks and Spencer retail group, operates from three factories in Northern Ireland with a work-

Northern Ireland with a workforce of 615 people.

It plans to buy the factory it
uses in Limavady, County
Londonderry from the industrial
Development Board for Northern
Ireland and create 30 jobs at the
plant. Deintity is also extending
its factory in Plumbridge, Counitry Tyrone creating 50 jobs.

The company has secured the

MORE THAN 190 jobs will be created in Northern Ireland as a puterised production and to result of a £5m investment by undertake a research programme to assess its future technological needs.

Courtailds also manufactures knitwear and tersev fabric in

### Jobs boost for N Wales BY ANTHONY MORETON, WELSH CORRESPONDENT

KIMBERLY-CLARK is to spend film at its two plants in North Wales to expand production of women's hygiene products and industrial wipes. Yesterday's decision will lead to 190 people being added to the present work force of 170.

The company also gave a clear hint that further spending in the area was highly likely.

The news, which will help consolidate the strong growth being experienced in this part of north-east Wales, came just two days after it was announced that Race Electronics is to expand its plant outside Cardiff taking on 1,100 workers over the next four years.

Kimberly-Clark, best known for

The policy change was ann-nounced as the bodies of the two British soldiers killed in Belfast last weekend arrived back in the British mainland (pictured right), where they were met by their families and by Mrs Mar-garet Thatcher, the Prime Minis-

it was also confirmed yester-day that the special meeting of British and Irish ministers under the Anglo-Irish agreement will take place tomorrow in London. The meeting is being seen as a critical step in efforts to raise the level of cross-border co-operation.

Last night, after another round of talks between the RUC and the or cales between the RUC and the television companies, the BBC accepted legal advice and agreed to hand over 49 seconds of unbroadcast film which the police believe could help in their hunt for those involved in the attack on the two soldiers.

It is understood that the UK Government is considering extending to Northern Ireland the provisions contained within the Criminal Evidence Act which would oblige the broadcasting authorities to hand over material demanded by the police.

Yesterday's RUC statement clearly indicated that the RUC intends to resume its previously controversial policy of assuming tight and total control over IRA



stood to have been personally intentioned, is not enough to endorsed by Sir John Hermon, curb the behaviour of paramilities between the two governments, including difference of the RUC chief constable, follows the RUC chief constable, follows the RUC chief constable, follows the RUC stressed that continuously ences over Britain's "no prosecutions" approach to an alleged police to reverse their recent, and co-operation with the Gardai, RUC shoot-to-kill policy and to stand-off approach at paramilities between the two governments, including difference ences over Britain's "no prosecutions" approach to an alleged RUC shoot-to-kill policy and to stand-off approach at paramilities between the two governments, including difference ences over Britain's "no prosecutions" approach to an alleged RUC shoot-to-kill policy and to stand-off approach at paramilities between the two governments, including differences over Britain's "no prosecutions" approach to an alleged RUC shoot-to-kill policy and to stand-off approach at paramilities between the two governments, including differences over Britain's "no prosecutions" approach to an alleged RUC shoot-to-kill policy and to the lital policy and to the with it said remained great. UK.

The RUC stressed that continuous approach to an alleged RUC shoot-to-kill policy and to the with it said remained great. UK.

The RUC statement said the police would not tolerate future breaches of the law or the usurping of their role. It said that the police had made every reasonable attempt to avoid conflict and confrontation.

It continued: "Regrettably, eight Minister. Police chiefs from like a shown that the influence of clerics and others in be present. There may also be an the community, however well it is to counter a terrorist threat, pects from the Republic to the UK.

Cross-forder security will top. There is some pressure for a meeting between Mrs Thatcher and Mr Charles Hanghey, the linish Prime Minister. But it is thought more likely that the two before a review of the Anglo-Irish agreement, which reaches the end of its initial three-year period in November.

# Parnes volunteers his return to the UK

BY CLIVE WOLMAN IN LONDON AND LOUISE KEHOE IN LOS ANGELES

LAWYERS representing the UK Government and Mr Antony Parnes, the former stockbroker at the centre of the Guinness affair, last night hammered out an agreement which means the abandonment of the hearing against Mr Parnes in California, sched-

uled to start today. Mr Parnes signed an affidavit at the Santa Ana courthouse, where the extradition hearing was to have been held, by which he agreed to return voluntarily to the UK.

It is not yet clear whether the agreement means a drop-ping of some or all of the 18

charges against Mr Parnes by the UK anthorities. On Tuesday, Mr Parnes' lawyers denied any suggestion of a deal by which Mr Parnes

would be granted legal immunity in return for giving evidence against the other key figures facing charges arising from their alleged involvement in the Guinness takeover battle for Distillers two years ago.

However, it is possible that some of the more serious charges, in particular those of theft, may be dropped leaving only the more technical charges arising mainly from the Companies Act outstand-ing against Mr Parnes.

The theft charges are the only ones on which Mr Parnes can be extradited from the US.
Mr Parnes' resistance to the moves to extradite him is thought to have been weak-ened after spending six extradition hearing.
All attempts to allow him to be released on ball have been rejected by the US courts.
Mr Parnes faced the possibility of several more months, if not longer, in prison, before the extradition and appeal pro-cedures were exhausted.

Mr. Parnes was arrested when he arrived in Los Angeles from Paris on September 30 by FBI agents acting on a warrant obtained in London alleging four offences of false accounting involving £3.4m.

However, a Los Angeles court was told on October 29 that he was to be charged with a total of 18 offences, all relating to the Guinness affair, including the theft of £12.5m.

positioned for two days this week, apparently to allow a deal to be finalised.

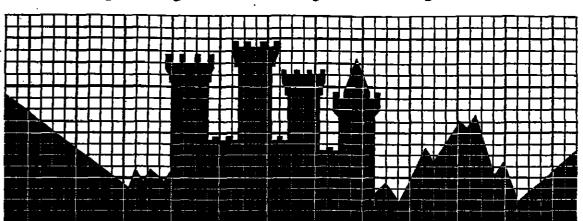
Despite the closeness of an agreement which would end

agreement which would end the extradition proceedings, the office of Sir Patrick May-hew, QC, the Attorney-General, yesterday sent a letter to the editors of eight national newspapers and the Press Association, the national newspaperty. The letter suggested that reporting of any such hearing would have to exclude any details of the evidence or the argument.

The letter said that the Los Angeles proceedings were analogous to committal or other preliminary court hearings in British courts at which reporting restrictions are imposed. G T

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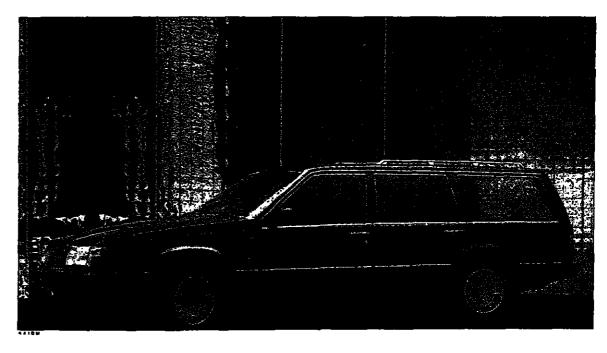
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The city of Guangzhou is the political, economic and cultural centre of Guengdong Province, China. It is also the most important port in the southern part of China.

This is the first time ever for Guzangahou to participate in the Lyon Fair. The Chinese Hall of the 70th Lyon Fair in France (sponsored by Guangahou) will have more than 1,000 varieties of products on display. They include handicraft articles, silk, textiles, animal by-products, electrical home appliances, general merchandise, furniture, kitchen equipment, detergent appliances, electronic products, sporting goods, musical instruments, medicines & health products, rubber articles, hardwares, mineral products, machinery equipment and chemical

In addition, discussions for economic & technical cooperation and travel services will also take place in the

Business representatives from France and other European countries are cordially welcome to visit our half from April 2nd to 11th and inquire trade opportunities.

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# Land Rover deal faces ballot after meeting chaos

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

A CHAOTIC mass meeting of risen by £1.50 for the whole workers broke up angrily yester day after it became clear that a peace formula would not increase the value of the company's two much not productively bonuses the value of the company's two and another \$2 meets to the company and the company and another \$2 meets to the company and another \$2 meets

The 6,000 manual workers were called to the open-sir meeting to decide whether to accept the formula and return to work after a strike which has halted produc-

tion for nearly five weeks.

The meeting ended in uproar and confusion after details of the offer had been spelt out and a show of hands failed to produce a majority on whether or not to

majority on whether or int to accept the proposals.

The company is helping the unions conduct a speedy postal hallot of the workforce in the hope of achieving a conclusive result on Saturday afternoon.

Meanwhile, the strike will con-

The revised pay fermula makes only small changes to the existing two-year offer. It has been achieved through juggling sums paid in basic rates, attendance allowances and bonuses without changing the total cost to the

company.

Under the original offer, a what fast party investments what they were voting for.

Inder the original offer, a Mr Stan Hill, Land Rover congrade three workers' basic pay venor, claimed the recommendation have risen from £145.80 a tion had been carried, but was week to £156 in the first year and £166 in the second, and the attention of "Ballot," bellot." He dance allowance would have quickly gave way.

period.

Part of the pay rise would have been funded by consolidating 23 worth of productivity bonuses into basic pay in the first year and another 23 worth in the second. About 22 worth of the lost bonness would have been offset by productivity scheme improvements.

ments.

Under the revised offer, the £1.50 a week increase in attendance allowance in the first year and will be lest only through absence, not through lateness.

Many workers at the meeting were angry after hearing rumours that the deal would produce no more money. duce no more money.

Their humour was not improved by the torrential rain which turned the venue, a sports ground near the plant, into a sea

Union officials told the meeting that the offer was the best they were going to get and recommended members to accept it. But the request for a show of hands was drowned in protests. which left many present unsure what they were voting for. Mr Stan Hill, Land Rover con-

To HE THE route we must follow to meet the future speed of our members and to preserve the interestrength of the Abbey was the 1965 Bullding Societies, and Stramphol Adamson, the society's chairman, when sunouncing that the Abbey has become the first bullding society to take the plunge and shed its meand of being first in the bullding society would. In 1965 it had been not preserve the societies were appeared in the capture of the financial world in which, until that date, had set interest rates for the societies.

Until then, the bullding society would, but the product which, until that date, had set interest rates for the societies.

Until then, the bullding society would, but there is the societies.

The Henry to preserve the societies.

Until then, the bullding society would, but there is the societies.

The halpey is proved of its recent they collected.

I thill then, the bullding society would, but there is the societies.

The halpey is proved of its recent they collected.

The huntre strength of the societies.

The huntre strength of the Abbey was had been seed to the societies word that the products with the surface societies word the societies word products with the bullding society would, but things, they collected savings from their members and saven has became far more were not sufficient to compete effectively with the larger societies quickly with that their abares of the more as a saving she had it the product of increased personal wealth.

Above all, the more against the societies of the savings were levelies of the life of the savings were beeding for wholesale funders, fewering had a saving were products, present the larger societies word related to the savings were levelies of the savings was bulled to the more agains and that their abare of the more as a subsided. In the wake of

David Barchard reviews the quickening pace of change in Britain's building societies

Abbey rises on new foundations

competitive market.

By furning into companies with a banking licence from the Bank of England, building societies will be able to engage in activities will be able to engage in activities.

Britain and the three largest, the Halifax, the Abbey National, and the Nationwide Anglia, have about half the total assets, and 80 per cent is concentrated in the top ten societies. Abby's executives were saying that they would probably take the public limited company (PLC) route. Other societies have moved more slowly. The Halifar appointed N.M.Rothschild in Janapointed N.M.Rothschild in Janapo nary to advise it on incorpora-tion, but says it is still undecided. The Nationwide Anglia says that it is not at present envisaging incorporation. Their size gives these societies a certain freedom of choice. face a much harder set of deci-sions. Some may hope to con-tinue as they are, but the chief executive of one smaller society. Mr Adnrew Longhurst of the

Sir Campbell Adamson

Cheltenham and Gloucester, says that he thinks conversion is 'inevitable' although his society's market share is too small for conversion to be feasible at this belgini but they have probably not affected the strategic thinking of the larger societies very much. They know that they are now large retail finance organisation in an open and increasingly ton in an open and increasingly to margers in the building society world often prove debilitating. A competitive market.

By furning into companies with a banking licence from the large with a banking licence from the large with this and in mind are itself to be under way.

towards larger societies. There are over 130 building societies in

As long ago as 1985, the

choice, Smaller second tier societies

ities presently closed to them, believed to be under way More importantly they will be between life insurance companies to raise equity capital.

Assets in the building society ages on one hand and building movement are heavily skewed

ILO study shows fall in strikes

THE NUMBER of strikes interna-tionally is falling, but disputes are higger and becoming longer, according to a study by the inter-

THE NUMBER of strikes internationally is falling, but disputes mark, Indonesia, Mexico, Sri are higger and becoming lenger, Lanka, Zamhia and the UK, according to a study by the international Labour Organisation.

In 1986, the most recent year because of the different ways in for which full international data which countries compile statistics. for which full international data are available, the ILO says that tics. However, strikes based on 65.3m working days were lost through strikes in 52 countries. days Tost per 1,000 people Three quarters of the loss occurred in Canada, Finland, Finland, India and New Zealand at more than 300.

Strikes, measured by the sumber of working days lost, rose in Canada, the US, New Zealand, Panama and Peru, while Egypt, Norway, Panama, Portugal and Finland. Countries showing land lost less than a day per 1,000

to the number of strikes fell in 1996 from 15,500 the previous year to 14,200. But each strike involved an average of 837 working the strike in ers, up from 816 in 1985, and issted about 55 days compared to five the previous year.

In most of the countries, fewer than 400 workers took part in each strike, and there were fewer than four days lost on average per striking worker.

However, a few hig and long strikes weighted the average. In the US, for instance, each worker in dispute lost an average of 22 working days.

# Management faces testing time on route to banking

ABBET NATIONAL'S 14 main board directors may have experience of running a building society, but they dun't know much about running a bank.

Lust one of them, non-executive Sir lain Tennant, a director two Sir lain Tennant, has banking experience, according to biogra-

ers bow to run their oberations anitants to teach panch manag-anitons/mein or minuscenters conin a more business-like manner is the latest in a succession of

as the most commercially minded of the large societies. But building societies, which ste still dominated by retail deposit taking and domestic

Richard Waters examines be able to raise in a flotation

the path and pitfalls facing Abbey as it moves towards new business and financial operations

of Clydeadale Bank, has banking experience, according to biographies of the directors published by the society yesterday.

This could pose one of the higgest obstacles to the Abbey's while the third, chief executive plans for its future. Last year's plans for its future. Last year's Banking Act placed a new director of Gillstia (UK) until skills of would-be owners of a bank. It introduced a more formal "lit and proper" test to granting banking licences, while leaving banking licences, while the third, chief executive bring the minimum capital ratio required of the Abbey bank down to roughly what it is as a building society.

The Bank is unlikely to refuse the Abbey and banks if it casts a care intended to apply by 1982 Even if the Rank of England accelerates the Rank of England accelerates the banks in their chosen direction.

One of its most often banks in third that of most other banking assets. If adopted, this would be given a risk weighting of only half that of most other banking assets. If adopted, this would be given a risk weighting of only half that of most other banking assets. If adopted, this would be given a risk weighting of only half that of most other banking assets. If adopted, this would be given a risk weighting of only half that of most other banking assets. If adopted,

ments on banks if it thinks they are taking extra risks.

Capital requirements could transfer rules: it published draft rules in December, but was a second problem for the assets, a sign of an institution's financial strength, which is required by the Bulking Societies Commission is considerably less stringent than that required by the Bank of England.

At its year end, the Abbey's to vote for the change.

Under the draft transfer regulations, at least 20 per cent of the capital ratio stood at 3.9 per cent to become a bank, it would have to increase this to at least 7 per

Two of the Abbey's three exec- 12km that the Abbey is thought to coming months.

This stringent capital regime is due to be eased in the future. The Baale-based Bank for Interna-tional Settlements last year pro-posed consistent capital require-ments for institutions in different countries. One proposal is that domestic mortgage lending be given a risk weighting of only half that of most other banking

fike unsecured lending and other to increase this to at least 7 per these must be in favour of the financial services — one of the main reasons given by the Abbey lation by Dr John Wrigiesworth 1.05m people to vote for the for becoming a hank — demands at Phillips and Drew. This would change will not be the least of new skills.

# Cleveland Bridge wins dockland project

CLEVELAND BRINGE, part of office project being developed by Cleveland Bridge is thought to have been the only British bidder struction, property, shipping and hotels group, was last night for the tower, estimated by UK

Prafalgar House the British contraction, property, shipping and hotels group, was last night believed to have won one of Europe's biggest structural steel fabricators to be worth had expected to be awarded to steel fabricators to be worth had expected to be awarded to steel fabricators to be worth had expected to be awarded to steel fabricators to be worth had expected to be awarded to around 530m will be the largest which has worked widely with building in Britain.

The contract to make and exect building in Britain.

Despite strong competition and property from US steel fabricators to be worth had expected to be awarded to around 530m will be the largest which has worked widely with building in Britain.

The contract to make and erect the steel frame of a 50-storey office tower on the lake of Degs in London's docklands is expected to be amounced today by Olympia & York tha Canadian proposed for the title of Europe's tallest building in Britain.

The tower will vie with an protests from US steel fabricators, Canron had previously won frankfurt's trade fair complex for the main steel contracts for three out of four office blocks for Olympia & York.

The tower will vie with an protests from US steel fabricators, Canron had previously won the main steel contracts for three out of four office blocks for Olympia & York.

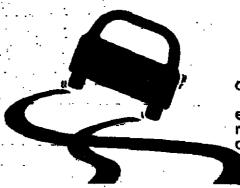
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The tower will steel fabricators, Canron had previously won the main steel contracts for three out of four office blocks for Olympia & York.

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# WINNING LEADERSHIP IN WORLD MARKETS

Tootal Group

# ADDING TO OUR STRENGTHS

Tootal Group

# BUILDING ON SUCCESS

1987/88 RESULTS: RECORD PROFITS

Since the early 1980s,
Tootal has been transformed from a commodity
textile producer to a group
which generates growth by
seeking out and exploiting
markets where it can bring

together its marketing, sourcing and distribution skills. This successful transformation is reflected in profit growth to £40.3 million in 1987/88 from £30.2 million in 1986/87.

The acquisitions of Standard-Coosa-Thatcher and Sandhurst Marketing in 1986 and the thread joint venture in China in 1987 demonstrate our strategy in action. The Group is now market leader for industrial thread in the USA and the integration of Standard-Coosa-Thatcher has transformed the profitability and returns of The American Thread Company. Sandhurst Marketing has shown strong growth and improved market penetration, particularly in stationery distribution, in its first year under our ownership. Following the success of the first joint venture in China a similar venture in thread yarn manufacture is announced today.

This investment is based upon our strategy of gaining access to quality controlled and cost-competitive sources of yarn for use in the Far East and elsewhere. Plans are well advanced for market entry into a number of countries with

rapidly growing apparel industries where Tootal does not currently distribute thread.

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	1987/88 £'000	1986/87 £'000	
Sales	503,802	408,427	
Profit Before Tax	40,290	30,219	
Earnings Per Ordinary Share	11.3p	10.4p	
Dividends Per Ordinary Share	4.5p	4.25p	

The Directors propose to raise approximately £54.2 million after expenses by way of a rights issue. Of this amount approximately £16.7 million will be used to purchase the 49.9%

interest in our Specialised Materials' joint venture, Lantor International. Tootal has managed Lantor since it was established in 1956; the acquisition reflects the Board's confidence in Lantor's excellent potential for profitable growth. This will come through the development of existing products and markets, by the continued expansion into new markets and from the introduction of new products.

The balance has been designated for strategic investment across a number of business areas. As the reduction in gearing from 44% to 36% in 1987/88 clearly demonstrates, the existing organic investment requirements of the Group can be internally funded. Each business area in the Group has developed clear plans for growth which are at varying stages of implementation, and the rights issue will provide the Group with the resources for timely acquisitions, new product investments and expansion into new geographic markets.

Now is the time for Tootal Group to build on success by adding to our strengths.

Profit Before Tax

40

30

20

10
1952/85 83/94 84/85 85/86 86/87 87/88

John Craven Chairman 23 March 1988

Goven.



# Policy of large-scale conifer planting continues

BRITAIN'S forestry policy will and those for large-scale broad-continue to encourage large-scale leaved planting have doubled. David said yesterday this would not apply to Scotland. Sir David said the new forestry continue to encourage large-scale leaved planting have doubled. conifer plantations in Scotland The new rates were announced. and Wales. However, the planting of broadleaved trees in lowland

sial forestry policy in the wake of last week's Budget decision to abolish forestry tax incentives to

The new rates were announced

of broadleaved trees in lowing tary of State for Scotland, in a areas is to receive official encouragement.

New forestry grants were announced yesterday, indicating a continuation of the controver implementation of policy, said in the property of the control o conifer planting in Scotland and Wales would be essential if the Government were to meet its target of 33,000 new hectares of for-

by Mr Malcolm Rifkind, Secretary of State for Scotland, in a replace the tax incentives abol-written parliamentary answer. These allowed the cost of estab-

lishing plantations to be set against tax from other sources while capital gains tax was avoided when the plantations were sold. Forestry will now be out of the tax system.

Grants for planting conifers est a year.

I ast week, Mr Nicholas Ridley, raised by between 50 per cent and robber and broadleaved trees have been last week, Mr Nicholas Ridley, Rhytronment Secretary, and Mr John MacGregor, Agriculture Minister, said the massive plantapply to the large-scale planting ing of conifers would be discouraged on the large-scale planting in marginal areas such as the Flow Country in northern scotland and was criticised by conservationist bodies, including government quangos such as the flow Country in northern scotland and was criticised by conservationist bodies, including government quangos such as the flow Country in northern scotland. planting in marginal areas such as the Flow Country in northern Scotland and was criticised by

### Mitsubishi to create 250 Scottish jobs

tronics group, is substantially Edinburgh.
expanding its video recorder These two plants, which are plant in Livingston, Scotland, by both non-union

MTTSUBISHL the Japanese electelevisions at Haddington, near recorder output from 228,000 last

adding a facility to make components.

This facility, together with increased output of the video recorders, will create 250 jobs by next year.

Mitsubishi at present employs are not made elsewhere in 335 people at Livingston making britain.

video recorders and 350 making. The company is expanding its

year to 276,000 this year and more than 300,000 next. About sed, are its only, three quarters of the machine

are exported.

Mr Alan Gemmell, Mitsubishi's production manager at Livings-ton, said the facility would increase the amount of local content in the recorders, although they already had enough local parts to satisfy the European Commission.

### Government expected to seek N Sea block bids

THE DEPARTMENT of Energy is expected today to offer-about 70 blocks of accesse in the 11th licensing round for offshore oil exploration in Britain's continental shelf. Oil companies' interest in bidding for the licence blocks has been heightened by recent large oil finds in the North

Companies have already began forming groups to sub-mit proposals and intense com-

mit proposals and intense com-petition is expected.

Interest is likely to be high-est in the mature areas of the North Sea, where improved understanding of the geology has raised hopes of further finds of commercially-exploit-able oil reservoirs.

The costs of exploration and production have fallen dramat-ically

But exploration efforts could be affected if all prices con-tinue to be weak. Oil compa-nies will be interested in flexibility in exploration proposals. The tax regime in Britain's

offshore areas is considered one of the most attractive in the world, and companies are keen to participate in an area which is seen to be politically

# Air traffic upgrading to cost £600m

on improving air traffic control facilities to cope with rapidly growing air traffic.

The authority has already announced \$200m of this investment for the period 1987 to 1992, but said yesterday that between a further £300m to £400m is now being planned for the period from the mid-1990s to the end of the century. The authority spent 2125m on improving the facilities in the five years from 1961 to

Part of the investment will be

Centre at West Drayton, near to be settled. Heathrow.

The latter is a method of chan- determined.

next five years about £50m will for the mid-1990s onwards will "microwave landing systems" to be used to improve and expand broadly be spent in three areas, replace instrument landing the London Air Traffic Control although many details have still systems installed at large air-

The anthority stressed that the Other outlays include \$50m on ing for at least \$190m, will be the and land on the runways availupogramme had been in the plan-replacing ageing radar, \$22m on a development of an enlarged Lon-able.

THE Civil Aviation Authority plans to spend close to £600m was not a reaction to recent public between now and the year 2000 in concern about "air-misses."

Description of the concern about "air-misses."

directed at changing air traffic nelling inbound and outbound Of the other two one will be control methods to reduce the aircraft along separate "tunnels the improvement of the Scottish dangers of air-misses, but overall in the sky," each tunnel under Air Traffic Control Centre, at it is intended to enlarge and the command of a controller with Prestwick, Ayrshire, which is

improve the system to cope with total authority over all the airthe current, and anticipated, rapid growth in air traffic.

Of the £200m to be spent in the 200m and £400m now planned tion of advanced technology ports. This technology will The most expensive, account- enable more aircraft to take off

# Six on Iran export charges Funds sold overseas

The court appearances, which were delayed for some hours by a International of Heathrow; and bomb scare, followed the arrest of 16 people on Tuesday after raids on 13 companies in London and the Home Countles. Nime of them were released on ball and one was still being interviewed last night.

The court appearances, which managers with Dixie Bearings interview, and Neil Broady, 42, a director of Goodman Broady, resident in Windsor.

Customs said its investigation was continuing. It is understood to involve the export of spare parts worth an estimated 120 of the country of the country form Points of the country of t

The defendants are: Andrew Michael Marks, 30, director of Logic Research of Camden; William Norman Angel, 63, and his ned.

SIX MEN were remanded on ball at Uxbridge magistrates, court and tuntil May 18 after being charged with illegally exporting to Iran spare parts for military aircraft and for missiles.

The court appearances, which were delayed for some hours by a bomb scare, followed the arrest of 16 people on Tuesday after raids on 13 companies in London Windsor.

SIX MEN were remanded on ball som Simon Nicholas Trent Angel, all uxbridge magistrates, court and salesment with Aircraft Equipment International, Ascot, Rich and for missiles.

The court appearances, which managers with Dixie Bearings in the managers with Dixie Bearings in the manager of Heathrow; and bomb scare, followed the arrest of Goodman Broady, resident in Windsor.

The Edinburgh-based WM funds, including the BP in the Heathron of the

Company, now a member of The Bankers Trust Company of New York, is Britain's largest provider of performance measurement services, for domestic and globally invested portfolios. It measures the performance of nearly three-quarters of the British pension fund market.

lts pension fund service for last year provided statistics on 1,279 funds with combined assets of £135tn, including almost all the leading pension funds in Britain. This showed that these funds sold £2.47bn of overseas equities in the final quarter of last year, year with equities down 185 per

This left funds at the end of the year with 14 per cent of assets in overseas equities compared with 20 per cent at the end of 1886.

Pension funds continued to be net investors in IVE centered. the stockmarket collapse.

fourth quarter. However, Mr Dugald Eadie, chairman and managing director of WM Com-pany, said this figure contained certain prior commitments on funds, including the BP issue

The WM survey showed that the UK equity holding of funds in the survey showed a positive 7.1 per cent return over the year, spite the October market fall although it was running at 30 per cent at the end of September. The most successful investment sectors for pension funds last year were UK property, up 19.4 per cent, and UK bonds, up

16.4 per cent. Overseas investment by pen-sion funds performed poorly last having been net investors in the cent, properly down 14.1 per cent previous three quarters ahead of and bonds down 1 per cent. However, Mr Eadie said, much of this

net investors in UK equities, fund in the survey showed a posi-including £1.14bn invested in the tive return of 24.7 per cent.

## Failed life company to pay policyholder bonus

MORE THAN 50,000 policyholders who had investment contracts with London Indemnity bilities that it was thought that and General insurance, the life the consortium would have to company, are to receive a bonus put up money to maintain the payment from the managers. It solvency.

Will be the first such payment since the company failed in Octowas able successfully to rear-

first certain life companies to run
The managers intend to pass
into difficulties as a result of the
on this surplus to all policyholdfinancial crisis in 1974-75.

otial Assurance took over The terms of the rescue written

10 per cent cut in their benefit with the consortium guarante The terms were considered enerous at the time.

In the event, the Prudential was able successfully to rearrange the portiblio so that there The company, a member of lessel Securities, which itself went into liquidation, was one of the SSM surplus.

the company at Dept LIGI/XS, Forbury House, 18-20 The For

### BIOTECHNOLOGY

The Financial Times proposes to publish this survey

May 27th

For a full editorial synopsis and details of available advertisement positions, please contact:

Stephen Dumbar-Johnson on 01-248 8000 ext 4148

or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

### **SAUDI** <u>ARABIA</u>

The Financial Times proposes to publish this survey

5th APRIL

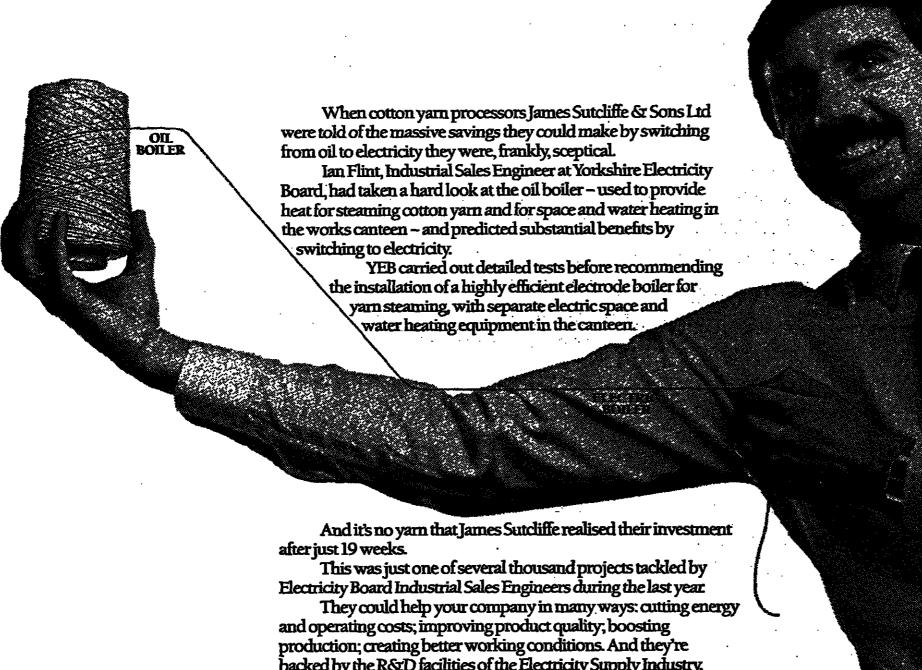
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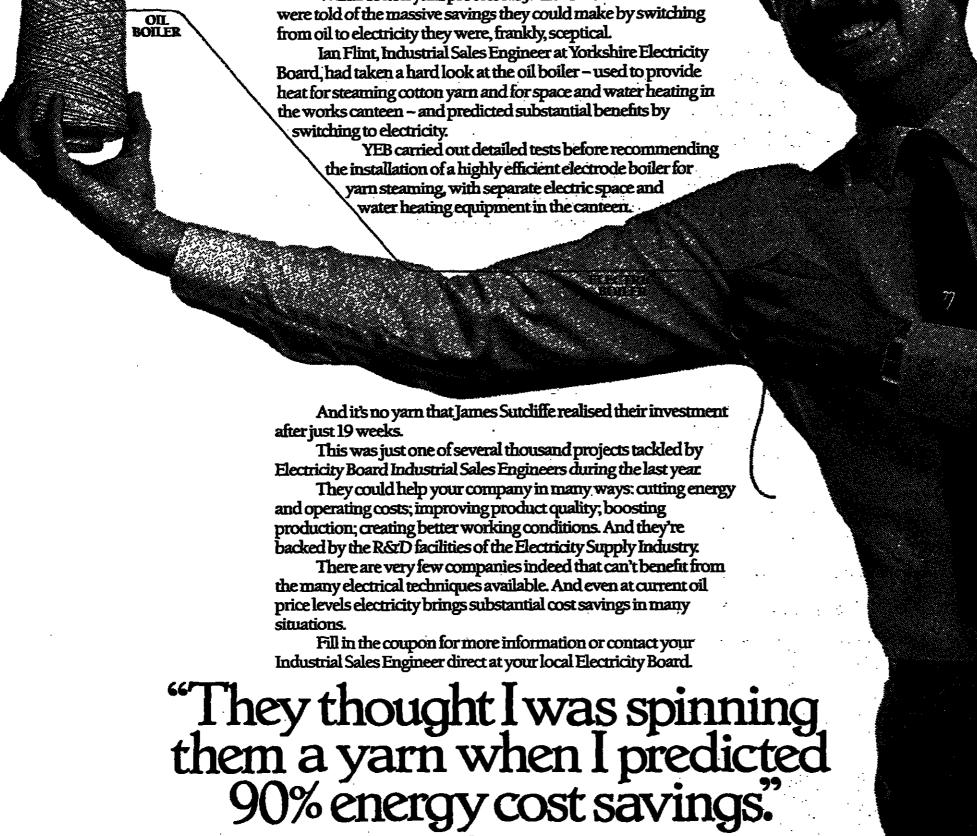
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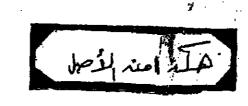
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# Smoking at work. 11 Are you scared open your mouth?

If you're a non-smoker who works with smokers, you probably suffer in silence.

Yet everybody has the right to a healthy working environment.

And an office or workshop full of nicotine, tar and carbon monoxide is hardly that.

Breathing other people's cigarette smoke (passive smoking) is now a proven health hazard.

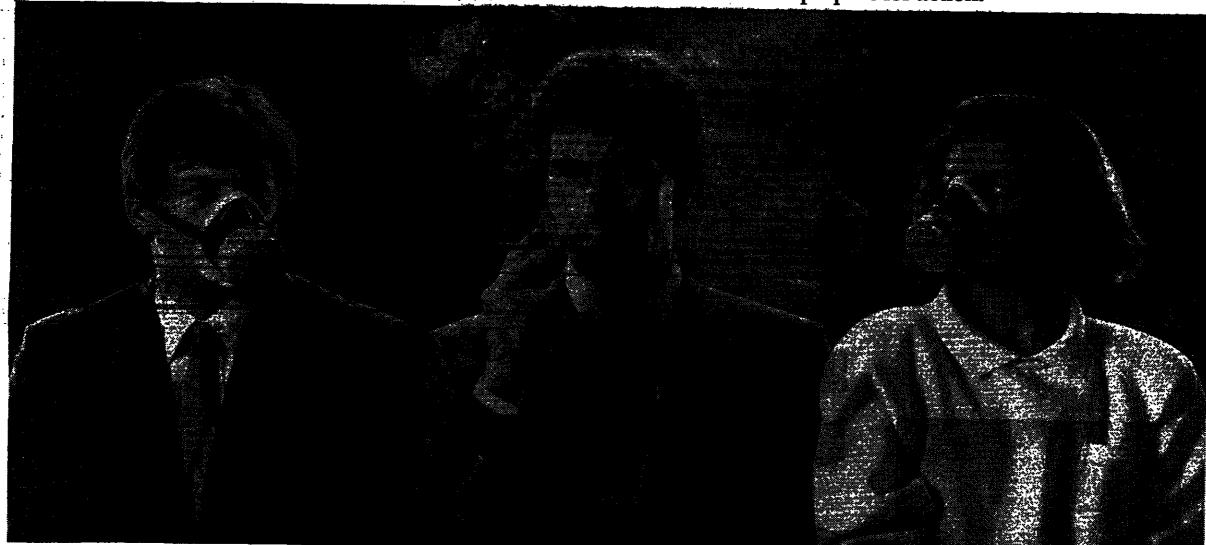
In recent years, many companies have successfully established a smoking policy at work.

Their experiences are well worth reading.

The Health Education Authority has published a booklet called "Smoking Policies at Work."

As well as outlining several case histories, it sets out ways and means of tackling the problem.

How to prepare for action.



In the short term it can cause headaches, nausea, stinging eyes and sore throats.

The long term effects are even more disturbing.

Yesterday's report by the Independent Scientific Committee on Smoking and Health has confirmed that passive smoking increases the risk of lung cancer by 10-30%.

Despite such evidence, many employers are still reluctant to introduce smoking restrictions at work.

Ironically, they think it would create an even worse atmosphere than the smoke itself.

Recent research suggests otherwise.

An NOP survey carried out last year shows that 8 out of 10 smokers agree with the statement: "In general, people who don't smoke should have the right to work in air free of tobacco smoke."

Clearly, potential conflict between smokers and non-smokers is over-estimated.

How to arrive at the best policy for your own workplace.

And how to implement it.

The booklet, which costs £5, can be obtained via the coupon below.

Please urge your employer to send for a copy, or failing that, send for one yourself.

Smoking at work has never been such a burning issue.

To: Supplies Dept, Health Education Authority, 78 New Oxford Street, London WC1A 1AH.

Please send me \_\_\_copies of "Smoking Policies at Work."

Each copy costs £5. I enclose a cheque for £. made payable to the Health Education Authority.

Name	 •
Address	
	Ph

# Much talk of cheeky friends in Brighton

Antony Thorncroft reports on this year's market research conference

last week for their annual confer- Daz.

last week for their annual conference bent their minds to a string of questions about advertising for the packaged goods industry.

"Can brands be cheeky"? asked Mick Alt and Steve Griggs of Creative Research. "A great adequive Research. "A great adequive Research. "A great adequive Research the title of a contribution from Roy Langmaid of the Research Centre and Wendy Goroff The Research Business.

Heather Mulholland and Mark

Daz.

These results reflect the error has yet to be, and perhaps can never be, eliminated, and in the market place - but Seven Up a closer, more confused, election, the pollsters could not gnarantee such an accurate forecast. The collective annual turnover of the hundreds of market research firms, which range in size from AGR, with its UK sales of over £33m, to the vociferous of over £33m, to the vociferous of over £33m, to the vociferous of the pollsters could not gnarantee such an accurate forecast.

These results reflect the error has yet to be, and perhaps can never be, eliminated, and in the pollsters could not gnarantee such a closer, more confused, election, the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, election, the pollsters could not gnarantee such a closer, more confused, election, the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, election, the pollsters could not gnarantee such a closer, more confused, election, the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, and in the pollsters could not gnarantee such a closer, more confused, and in the pollsters of the pollsters could not gnarantee such a closer, more confu Heather Mulholland and Mark

Harrison of Mulholland Research Associates attempted to define mercials they saw on TV the pre-female attractiveness in advertis-vious evening. female attractiveness in advertising "the semiotic way". Geoff
Natley of RDS and Leigh Stops of
Allen Brady & Marsh examined the advertising of the Milk Marketing Board under the slogan consumers could string off the "How much bottle has bottle?". plots of commercials of the board's advertisements could feature heros who were both rebellious and anti-heroic, now they had to be heroic in their rebelliousness.)

But Langmaid and Gordon, in their consumers could string, advertiser need not commercials of the worry too much. Under hypnosis consumers could string off the did not recall when consumers shop in a semi-trance, a brand that scores poorly in advertising recall could still be a winner. But do they?

Britain's first professor of mar-

produced clear cut answers. One the City University Business survey showed that consumers School, examined how well had no trouble at all in wrestling research had done in the opinion with the concept of a brand being a cheeky friend. Whether they go out and buy their friends was not quite so obvious.

Among lagers, Carlsberg was more popular as a chum than result right and the 3 per cent in 1981.

At first giance the polls read the obvious new clients for the election well. They got the research — financial, industrial, margin of error would be per- with financial institutions contri-

the public has almost total forgetfulness next day about the com-

ousness.)

Britain's first professor of mar-As usual the research rarely ket research, Martin Collins, of

THE THOUSAND plus market Hofmeister, among washing pow-researchers gathered in Brighton ders Persil more befriended than commercial judgment. But Col-last week for their annual confer-Daz.

approaching £250m, and growth in 1987 was around 17 per cent. According to the Association of Market Survey Organisations (Amso), which counts as mem-bers the 32 larger research companies which account for two thirds of survey business, assignments from consumer goods manufacturers now account for high on the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity, and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prosperity and prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their research turning the prof. Dun & Bradstreet, which is 42 per cent of their rese

source of 9 per cent of Amso



buting 5 per cant of turnover, as against 2 per cent in 1961. Spending by industrial companies doubled to 4 per cent, and public services, such as British Rail, raised theirs from 2 per cent of The industry faces an exciting relationships than are men and

raised theirs from 2 per cent of the Amso total to 6 per cent. The Government, however, has halved its share of expenditure, to 4 per cent of the total.

Research is obviously riding high on the prosperity, and profitability, of British business. While companies are expansion—with a already bought three mad recearch to before, or more, but higger budgets from other clients have finelled the growth.

Not all of these represent fresh opportunities. The media was the opportunities. The media was the season business, Amso members ment contract when it comes up

received £120m from abroad last for renewal next year. year, and for companies like
AGB, overseas revenues are more
important than domestic sales.
The prosperity of research
companies has not gone unnoticed. Some, like Taylor Nelson facts they unearth.

# Busy women need less hassle

David Churchill on the implications for marketeers of changing roles in society

decade; as many women as men are now being articled to solici-tors or entering medical school. Indeed, the role of women in today's society continues to change rapidly, and although stereotypical images are being seem less frequently, there are nitely working in order to do so rather than for pin money. The narketeers who need to take a report points out that the changing role of women has been greater for some than others, as a leisure pursuit. The implication of this, says Mintel ados, commendation of own the increased penetration of own brands in many product areas.

Shopping: Women, according to the report, also regard shopping for goods other than necessing role of women has been greater for some than others. sharply different approach when trying to woo the female purse. This view is underlined by the findings of a study — Women 2000 - published today by the Mintel market research company.

and two children.

There is an emphasis for women on independence and freedom, an emphasis which is common to both married and single women, mothers and the childless, and has implications for the way household and permal discretionary income will

be spent," says Mintel.

Work: This attitude to independence within relationships is fuelled by the increasing number

women work and women no longer see child-rearing as signalling the end of their working lives, but as an interruption to it," the

ing with men for jobs and promo-shopping environments should tion in areas that were once minimise hassles such as poor tion in areas that were once entirely male dominated. "Manufacturers will need to

target products more closely to specific groups of women at all stages of the marketing process, including new product develop-It adds: "Given that women have quite decided ideas about what they would like to do with their time and money, they should be considered an influen-

tial group by advertisers outside of the fast-moving-consumerdoes present dangers for those whose business depends on successful communication with women, there are also very real

new opportunities to be exploited."

Women, for example, are taking increasing advantage of role model, financial services; just over half \* Women of all women now have their own

THE UK'S TOP 20 DESIGN CONSULTANCIES

Mintel believes that the THE NUMBER of British women active, Mintel points out.

Mintel believes that the entering the professions has doubled since the beginning of this women work and women no longuage of the companions. greater premium on convenience

than at present. This will therefore give greater parking and long walks between shops and maximise the leisure

and relaxation aspects. Advertisers also should be aware of the need, says Mintel, to "reflect the multiplicity of roles women now play."

Women appear unimpressed with advertisements showing supposedly giamorous or sexy women, according to the Mintel researchers. The women that women themselves admire are those that are capable, able to laugh at themselves, and who appear warm and approachable."
Thus research revealed that the actress Felicity Kendall was much admired, while Joan Col-lins and Margaret Thatcher were less popular. Model Samatha Fox, not surprisingly, is seen by women as a very unattractive

\* Women 2,000; Mintel, KAE House, 7 Arundel Street, London,

# Design: 50 per cent increase in income

Feona McEwan reports on one of the healthiest sectors of the UK economy

REITAIN's design industry is boomin and that's official. Figures published day by DesignWeek, the 18-month-old trade paper for what is still a young industry, indicate that it is one of the healthiest sectors of the British

the UK report a rise in fee income of 50 per cent to total \$300m in the past 18 months, with a further 30 to 40 per cent ecrease expected in the coming year. Figures also show that the number o s employed has risen by 37 per sent, during the same period, to nearly

myrlad tight-lipped companies which

pany statistics to their rivals. But as recognition of the value of design so a business catalyst has spres

so the willingness by its practitio ed, has grown DesignWeek's full table end 275 firms, and is bused on the lat evallable unsudited figures supplied by mostly private companies or

Notable by their absence in the top 20 table – specially prepard for the FT – is Landor, the US-owned corporate and brand identity specialists responsible f the R-trick A: the British Airways revamp, and YSM Partnership, the multi-disciplinary architecture practice behind the new

One of the most interesting points to emorge from the table, says Jeremy Myerson, editor of DesignWeek, is the fight going on for dominance of the

At the top are giant multi-disciplines groups like Building Design Partneral (which is working on the Chumel unel) and Martin Sorrell's spr WPP Group. (Figures for WPP in the table alongside cover design compani only, including McColl, the retail daliet, and Business Design G

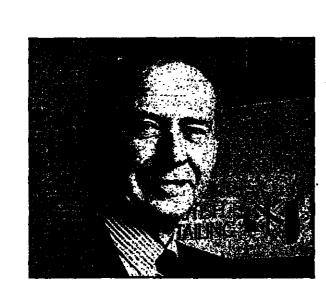
These are under pressure from our design purists on the one hand — like el Peters, Wolff Olins and Fitch

and on the other by architectural practices newly moved into design such as Percy Thomas Partnership, The Company of Designers and DEGW. Increasingly, architecture is being arded as a larger part of the design sulting equation. There is a view ong core design businesses that the only way to be at the top is to have ral weight," says Myers Michael Peters and Fitch have underlin

He notes, too, that there is no one consultancy close to dominating the

this with recent acquisition

Design Group	1986-87 Design Fee income Em	1986-87 Overall Turnover Em	Year Established	Number of stall	Range of disciplines offered
1 Building Design Partnership	36.00	36.00	1961	1310	ASCDEFG
2 WPP Group	32,10	50.26 ·	1970	741	ABCDEFG
3 Michael Peters Group	19.79	25.12	1970	500	ABCDEF
4 Addison Consultancy Group	12.74	20.22	1966	819	ABCDE
5 Flich & Company	10.20	10.20	1973	379	ABCDEF
6 Cambridge Consultants	8.50	9.50	1960	250	ACG
7 Holmes & Marchant Group	7.61	14.37	1967	198	ABCDF
8 Percy Thomas Partnership	6.79	7.91	1912	249	ABEG
9 Conran Design Group	6.10	6.30	1956	200	ABCDEG
10 The Company of Designers	6.04	6.04	1968	279	ABDEFG
11 Imagination	6.00	19.00	1978	151	ABCDEFG
12 Wolf Cilins	4.70	7.50	1985	130	ABD
13 Design in Action	4.40	5.50	1984	98	ABCFG
14 Minale Tattersfield		940	100-	-	ADOF G
and Partners	3.15	3.15	1964	40	ABCDG
15 DGI International	3.00	40.00	1969	120	ABDEG
16 DEGW					
	3.00	3.70	1971	.120	ABCEG
17 David Davies Associates	2.95	296	1962	80	ABCDEFG
18 Coley Porter Bell	2.30	2.30	1979	52	AD



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sayı Richard Weie

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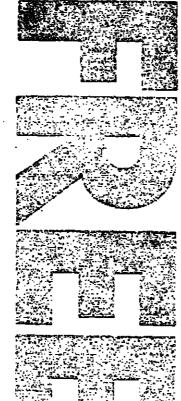
"TFS offers much more to retailers than a fast VAT refund service. We also provide professional support in the form of high quality display material, staff training, in-store ntions and staff incentive schemes. Retailers also benefit from our extensive marketing and promotional activities, here and abroad. All these benefits are completely free of charge to the retailers, in addition to which very many of our clients have reported increased sales to oversear customers since they adopted the TFS system".

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private damages action brought against the PLO by the family of Mr Leon Klinghoffer, murdered by the hijackers of the Achille Let us take the UN/US dispute first. The State Department made it clear to the Secretary General of the UN that the powers it received under the Antiterrorism Act would be used to close down the office of the PLO permanent Observer Mission to the UN. The Observer mission to the UN. The UN Secretariat and General Assembly opposed this move and proposed arbitration which the US rejected.

The General Assembly of the UN responded to this by adopting two resolutions. One asks the International Court of Justice to say in an advisory opinion. say, in an advisory opinion, whether the present dispute over the PLO mission falls under Arti-cle 21 of the UN-US Headquarters Agreement which requires that all disputes about the interpretation of the agreement should be referred for final decision to a other resolution calls on the US not to take any action which would upset the present arrangements for the PLO mission. The Court, sitting without much to do in the Peace Place, a

questionable gem of Victorian architecture in the Hague, promptly asked the UN and the

### **BUSINESS LAW**

# PLO's dilemma in US courts

By A.H. Hermann, Legal Correspondent

THE US Administration has lost — but there is, of course, no way no time: simultaneously with the of forcing the US to abide by the coming into effect of the Antiterrorism Act 1987, it applied on Tuesday to a New York court for an order requiring the Palsoine. Act above the and effective control over its the truth, and that the PLO is a proposal of the hijack and his observer status, because of its role in its termination would suggest that Mr Terzi was speaking an order requiring the Palsoine. Act above the and effective control over its the truth, and that the PLO is a proposal of the hijack and his observer status, because of its role in its termination would suggest that Mr Terzi was speaking and effective control over its the truth, and that the PLO is a proposal of the hijack and his observer status, because of its role in its termination would suggest that Mr Terzi was speaking and effective control over its the truth, and that the PLO is a proposal of the hijack and his observer status, because of its not an organisation. Liberation Organisation (PLO) to vacate its building at 115 East 65th Street — a desirable Manhattan address where it maintains its permanent Observer Mission The questions of PLO status to the United Nations. The court and its immunity have been has also been asked to prohibit occupying US courts for about the PLO from either receiving or two years, in connection with the distributing funds in the US.

The PLO will have 20 days to submit its defence. The administration could probably ask for, wheelchair, whom the hijackers of the Achilla Lawre chart and injunction for the immediate threw overboard. The valuable closing down of the PLO office Manhattan property owned and but is under pressure from the UN not to do so. The UN are seeking support from the latest support support from the latest support from the latest support support from the lat seeking support from the interna-tional Court of Justice in the Hague. On the other hand, the US case may may be fortified by legal arguments derived from a

asked for the eviction order, will have no difficulty in placing the Antiterrorism Act above the requirements of international law. However, even the position under international law is uncer-

national conventions.

Palestinian people; every Pales-tinian was assumed to a member of the PLO; it was neither a government nor a cinb, but a nation.
The PLO National Council,

Questions of the PLO's status and immunity have been occupying US courts for two years in connection with the claim for compensation for the murder of

Mr Klinghoffer, a cruise passenger confined to a wheelchair, whom the hijackers of the Achille Lauro shot and threw overboard

York office for texcest activities, broadcast in the US that he look up the recent High Court leaves, in resisting the claims of the Klinghoffer family the PLO has been denying for over two years that it is in any way similar to a nation state with government capable of taking responsibility for the activities of its members. The two legal disputes illuminate the contradictions of the PLO. The hijackers were PLO court of Appeal held that UK courts had jurisdiction over a dispute of its members. The two legal disputes illuminate the contradiction of the PLO. Contradiction of the PLO. Contradictions of the PLO denied in his testimony that it is tory aspirations of the PLO - and at the same time demon-

the Achille Lauro shot and threw overboard

the starting point for an action brought by Riinghoffer's family and now pending before the New York Supreme Coast (Riinghoffer's family and now pending before the New York Supreme Coast (Riinghoffer's family and now pending before the New York Supreme Coast (Riinghoffer's family and now pending before the New York Supreme Coast (Riinghoffer's family sort of parliament, consisted of national. Such "passive jurisdiction" was not recognised in the US until 1984 when it was allowed, by the Comprehensive Crime Control Act, for criminal prospectations of hostage taking and terrorism. This concept was the 16-men Recentive Committee chaired by Mr Azafat.

The ruling body of the PLO was the 16-men Recentive Committee chaired by Mr Azafat.

Mr Abul Abbas, the head of the Palestine Liberation Front, a "unanimously elected" member of the Executive Committee, admitted in a television interview broadcast in the US that he organised the hijacking of the Riinghoffer family for the Riinghoffer family for the Riinghoffer family for a parliament, consisted of in the US until 1984 when it was not recognised in the US until 1984 when it was allowed, by the Comprehensive Crime Control Act, for criminal prospectations of hostage taking and terrorism. This concept was the less time in November 1984.

The ruling body of the PLO was the Recentive Committee, have york District Court when it allowed the owners of Achille Lauro to be sued by the Klinghoffer family in the US.

If anyone feels that the assumption of Such a, literally, far reaching jurisdiction is rather extraordinary, he should be organised the hijacking of the Riinghoffer family the PLO has been denying for a member of the Executive Committee.

Report Mr. Action of the Such as the loss that the US that he organised the hijacking of the Riinghoffer family in the US.

Report Mr. Action of Jurisdiction or jurisdiction is rather extraordinary, he should be organised the hijacking of the Riinghoffer family in the US.

PLO can be made responsible.

component factions engaged in pluralist movement without activities contrary to the UN effective central control. And, as Chartar and proscribed by inter-

the observer status with the UN.

The Klinghoffer litigation also national conventions.

The arguments on the second issue have been rehearsed in the course of the Klinghoffer litigation also produced a number of other legal issues. One concerned the question. Giving evidence, Mr Labib the new closed PLO mission to the UN, stated that the PLO was the visible body of the Plowstimen named a name of the palestimen named and the new closed PLO information office in Washington, were Plowstimen named and the new closed PLO information of the palestimen named and the new closed PLO information to the UN. tion office in Washington, were
"doing business in the US", thus
providing ground for the New
York court's personal jurisdiction

In this connection it should be noted that the US Court of Appeals for the Second Circuit has recently accepted US jurisdiction over a Liberian shipping company's claim of damages for the bombing on the high seas of their oil tanker by the Argentinian air force during the Falklands war – and rejected Argentina's plea of sovereign immunity.

This goes even further than the assumption of jurisdiction based solely on the nationality of the victim when the wrong was done outside of jurisdiction by a for-

ship on behalf of the PLO. Confronted with these facts, Mr Terzi defendant the Bangledesh Air Ilme, and the disputed wrong givdenied in his testimony that the ing rise to the airline's liability questionable gem of Victorian architecture in the Hagne, promptly asked the UN and the US, as well as any other interested member States, to submit their papers by tomorrow (March 25) and fixed the hearings for April 11.

It seems most probable that the Court will say that the US is obliged to submit to arbitration or observer status.

Only asymatotic word asymatotic time demonstration in the same time demonstration of national architecture in the Hagne, strate a new trend in the extraction in Bangladesh. One of the appeal ing the UN case against the US over the PLO mission. Without trailing the UN count accepting responsibility for the hijacking organised by a member diction even if the victim of the tioning would be impossible in the UN case against the US over the PLO mission. Without trailing the UN count accepting responsibility for the hijacking organised by a member in accident was a Bangladeshi of the PLO's Executive Committed to UN entire the US is organisations admitted to UN entire PLO as a coherent organisation — better known as the long amount of the court — go further than that:

# Happy hedonism

The display in the Fine Rooms at the Royal Academy (until June 12) is of the third loam of substance from the Thyssen-Bornen-lists collections, based at the Villa Favorita at Lugano, to be shown in London. Not many under the age of forty are likely to remember the first, of Old Masters, staged at the National Gellery in 1961, but the vibrant explosion at the Academy of modern works collected by the present owner, in 1984, is still very memorable. This loan brings back some items seen in 1961, but also emphasises the quality of acquisition smaller branched by the present some seen in 1961, but also emphasises the quality of acquisition smaller branched by the present Baron since the death in 1987 of his father, founder of the collection. Twenty of the fifty-two paintings shown have been bought since then.

The first room, with the small early portraits may be for many the most memorable, with the small early portraits may be for many the most memorable, with the small early portraits may be for many the most memorable, with the list of the artist's most poetic young men in adoration on one side, and on the other one of the most astonishing still-lifes in early Netterlandish painting; three flowers, lily, irls and columbine, associated with the Virgin Mary, who must have presided on a companion panel, langed to form a diptych, but now lost. The portraits here have in common their almost miniature scale and a sharp vivid clarity as if of essences distilled, whether by Northerners, or Italians, such as Antonello de Messing or Solerio in life to wearing still the feet of the fact with this stardy to the existing of the floor, and most exceed the transfer hall share the list of the same than the most succeed to the stableton of the first special to the artist's most poetic young men in adoration on one side, and on the other one of the most astonishing still-lifes in early Nottherners, or Italians, such as a companion panel, langed to form a companion panel, langed to form a companion panel, langed to form a companio almost miniature scale and a sharp vivid clarity as if of essences distilled, whether by Northerners, or Italians, such as Antonello da Messina or Solario, Baldung Grien or Altdorfer (rather larger, a most rare and delightful masterpiece).

And here too, visiting London, is our Henry VIII, the only painting of him universally accepted as from Holbein's own hand to bave survived immaculate: small, and just the head - turned slightly to one side - and the richly costumed chest, but so dense in presence as to convey enormousness, even enormity. "If all the Pictures and Patterns of a merciless Prince were lost in the World," observed Sir Walter Raleigh, "they might all again be painted to the Life out of the Story of this King." He probably had the monumental straddling swagger of the whole length of Henry that appeared in the now-lost wall-painting in the Privy Chamber at Whitehall in mind; in

rare and most extraordinary painter Bramantino: a torso erect in life but wearing still the rigor chill of death.

The other large room is mainly

The other large room is mainly seventeenth century, celebrating above all Caravaggio and his resonance through Europe in the painting of such as Valentin de Bourgogne, Mattia Preti, Hendrik ter Bruggen. The Caravaggio (St Catherine with her wheel) and the Valentin were relatively precocious acquisitions (in terms of the taste of the time) in the 1980s; the other two are recent forevs in the take of the time) in the 1830s, the other two are recent forays in a taste now become fashionable. Violence, if not overt, lurks nevertheless. In Michiel Sweerts' "Sense of Smell," echoes of Caravaggio (in the sitter's somewhat ambiguous sexuality) and even of Vermeer (in its calm lucidity) harmonise in a most mysterious enticement

There is a very vigorous Fisherman playing the Violin (left-handed), also very difficult to reconcile with what one knows that, Henry was shown even (left-handed), also very difficult National to mount an appeal more aggressively, full-face. However, Carlyle thought otherwise, concluding that, when looking ited: a grand lady of high court into "that broad yeoman face and those brave bine eyes of his, as appeally relaxed yet pensive Van sure of the Academy and finan-

La Sylphide/Sadler's Wells

Clement Crisp

It was an important occasion for innocence of means, a directness cism and eroticism of Jack

London City Ballet on Tuesday and almost a naivete of feeling. Carter's Three Dances to Japanight: the opening of a first London season, in the presence of the company's patron, the Princess of give the drama its theatrical forms of popular Japanese the-Wales. It was a happy occasion, vitality. With LCB's artists we are, which moves from costume

Wales. It was a happy occasion, too, the culmination of ten years can believe once again that a display to a physical crescendo in unsubsidised work that has seen the troupe grow steadily in stature and attainment, maintaining and that evil, in the character of the while an independent and optimistic spirit about the nature of its performances and its identity.

In this communicative directives the particular ment of way, and its postures and gymnatic short Wells visit with its the company performance. Lead-artists.

ness lies the particular ment of Mme Ostergaard's version and of the company performance. Lead-

ing the cast on Tuesday, Marian St. Claire showed herself mistress

of all the pretty ways and beseching glances of the sylph. Her James was Tim Almaas, very

artists.

tectural piece is Canaletto's: one of the set of Warwick Castle views that he painted in England around 1752, and which were dispersed a decade ago. An English visitor may indeed remember with a nervous pang the ardnous appeal campaign fought by Birmingham to secure two of that set from export. The very presnow being celebrated by a show of his founding benefaction to the or ms noting beneather to the National Gallery. But a further pang may remind us that not all that long ago the Academy, in acute financial straits, caused the National to mount an appeal even more agonised that that of Piraninghes to account the Learn



"Portrait of a Lady" by Hans Baldung, called Grien

Dmitry Alexeyev/Elizabeth Hall

**Andrew Clements** 

Let us cross ourselves, and move on. Present speculation is rather as to how the Baron will chance, is Saemedam's hallucinatory inventory of the façade of St Mary's, Utrecht. Another architectural piece is Canaletto's one of the set of Warwick Castle views that he painted in England around 1752, and which were dispersed a decade ago. An English visitor may indeed remember with a nervous pang the ardnous appeal campaign fought by Birmingham to secure two of that are prime considerable and the secure of the prime considerable architecture. The prime considerable will be called a secure of the secure of the prime considerable architecture. mingham to secure two of that set from export. The very presence of the Michelangelo in this contact (oddly it does not seem at all incongruous — quality will stell) may cause a pang. The Tundo, of course, does not belong to Thyssen; it is the Academy's own treasure, bequeathed to it by Sir George Beaumont, no less, the great benefactor who is even now being celebrated by a show ment would consider it very seriously. That is more or less the temperature of enthusiasm which, according to some, was responsible for the fabled Gulbenkian collection (now handsomely housed in Lisbon) not coming to Britain: negotiations, or the lack of, chronicled with vivid relish in Kenneth Clark's autobiography.

cial crises are endemic at Bur-lington House; if the options are to sell or to close, what then?

Let us cross ourselves and

as the most important surviving in private possession (other than the Queen's). It is an enviable position, and a responsible one, though the Baron is not above enlightening the problem with glee, as when he dug interested persons behind the Iron Curtain in the ribs with the sugg that they do a swap he gives them the Thyssen collections they dismantle the Berlin Wall. In the short term, for three months, London and its visitors

have a bonus of very delectable pleasure made available, courtesy of the sponsors (The Times), the Royal Academy, and of course, Baron Thyssen himself. The catalogue, by David Ekserdjian (£10.50) may disappoint specialists, lacking all their beloved "apparatus" (provenances, bibli-ography, detailed discussion of attributions, condition, cleaning ography, detailed discussion of attributions, condition, cleaning policy, etc.), but will delight the "ordinary visitor," reproducing everything in colour, and with a commentary that is informed with learning yet fresh, even witty, and (as does not happen all that often) actually tells you (are of, chronicled with vivid relish in Kenneth Clark's autobiography.

Meanwhile, Baron Thyssen certainly has matter in his grasp and what they are up to.

### Der fliegender Höllander/Milan

### Max Loppert

no doubt of it this marks an aus-

picious chapter-opening in Muti's

Having now done so, I can join in the international chorus of

operatic career.

On Tuesday Riccardo Muti conducted his first Wagner opera. There have been whispers of disatisfaction among the opera-loving Milanese over the current also the feeling of cosiness, and important part of the work's patrons. (The work itself has not been heard here for 22 years.)

What is still missing, at this early stage in Muti's Wagnerian approaches, is a due command of Wagnerian spaciousness, and important part of the work's unfailingly exhilarating atmospheric contrasts. (The Act 3 sailor jollifications lost their bounce by being taken just a patrons. (The work itself has not too even a weight of accent.) But no doubt of it this marks an aus-

In spite of a spectacular production, which shrewdly exploits the scale of this great theatre, and in spite of one first-rate piece James Morris in any of his Wag-ner bass-baritone roles. (London was denied his Dutchman by the of casting, one's greatest interest is directed toward the orchestra pit. Musically, this was a thrilling performance: work and theatre came together with a rare cancellation of the recently scheduled Royal Opera revival). unification of purpose. Muti's insistent dramatic sense, and his determination to draw clean.

acoustics, and Eberhard Büchner's Erik uses an agreeable but unremarkable tenor with consid-erable skill to make the part seem less drearly unrewarding than usual. The chorus sings magnificently, in very peculiar German. The weak link is the Senta of the American soprano Deborah Polaski: serious and musicianly, but apt to produce discoloured or effortfully strident phrases under pressure, of which there is unfortunately a fair amount in this ur-Brünnhilde role. She is the announced heroine of this year's new Bayreuth Ring, to which I now look for-

ward with a certain nervousness. Michael Hampe (producer) and John Gunter (designer) have col-laborated on a staging which employs modern technology to renew the traditional approach to unification of purpose. Muti's insistent dramatic sense, and his determination to draw clean, clear, perfectly balanced lines from all the operas he conducts, kept Wagner's opera moving urgently forward: this was an account of it entirely without dull or square patches, one that was "heard" and focussed along every line.

The shaping hand and its illuminating touch were registered in unobtrustve passages — bass line string tremolos supporting a single woodwind colour or timbre—quite as much as in the celebrated moments of wind-and-wave turbulence. In the best way, a leading lialian conductor and the finest of Italian orchestras.

Having now done so, I can join in the international chorus of acclaim. Mr Morris's grandly reached sing of vanderdecken has both the incessary power and the no-less necessary wieldiness of tone. He comes as near to the Wagner Heiton like a Vermeer) and pictures que fancy (the huge red-denbariton ideal as our povershies in likely to go: hearing him, one recalls too many other Dutchmans of the sailed ghost ship rising up out of a Turner sea and sky) creates an impressively well-plotted Scala spectacle—except in Act 3, which seems oddly cramped and hang-fire.

Judged alongside the various "interventionist" productions of this opera that one has seen, Hampe's disgorges no specially naturalistic setting (the wooden, balconied spinning (the wooden, balconied spinning of turnessively well-plotted Scala spectacle—except in Act 3, which seems oddly cramped and hang-fire.

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Judged alongside the various interventionist productions of the cha

emerges in any newly sharpened clarity. Its chief effect is to throw the finest of Italian orchestras stage.

Temind one how much of the Noone else reaches this level, score is regularly passed over or taken for granted in readings of quick-witted Daland gains an supposedly more authentic extra degree of authority and case, we remember what a very stamp.

The Jew of Malta/Barbican

Michael Coveney

After the grim pictures from Bethlehem, the West Bank and West Belfast in the newspapers West Belfast in the newspapers and on television over the past week or so, it is good at least to have barbarous atrocity back where it belongs: on the stage. Marlowe's invigorating Machiavellian farcical tragedy follows Cymbeline in opening the RSC London season in the Barbican, a transfer from last summer's transfer from last summer's Swan repertoire in Stratford-up-

on-Avon.
Mind you, Barry Kyle's produc-tion, coarse and occasionally messy, goes out of its way to re-locate Marlowe's bustling Malta in our contemporary imagery of a political hotspot. The invading Turks are led by a dead ringer for Yasser Arafat (Peter Polycarpou) and wield sub-machine guns. The printer symbolish courtees on Bellaunder-employed courtesan Bella-mira (Stella Gonet) stalks her prey with a ghetto-blaster, and gleans what must be a new post-Budget ironical laugh on For who is now but honoured for his

The vicissitudes of Alexeyev's rical or massive, and a variation career have been most thoreset in which the exfoliating decoughly monitored on this page rations were naturally integrated for more than a decade. The into the scheme, to be resolved unevenness of his development with rapt attentiveness in the has been as frestrating as it has code. The play opens with the eco-nomically hard-pressed Maltese unevenness of his development with rapt attentiveness in the has been as frustrating as it has been fascinating, and perhaps accounts for the relatively small following he has accrued in London. Tuesday was, thankfully, one of those occasions on which he played up to his full potential, self-regarding distractions, in music — by Brahms, Beethoven and Schumann — that suits him exactly. On this form he is one of the most searching early variations, the effortless, he is one of the most searching exactly poised textures of the penultimate ones, and the uncomplicated explerance of the finale. The three encores, though, offered a further insight into the trait section and began to cohere only in its reprise; but the G was exquisite, unfuried with tact exacting punitive tribute from the Jewish minority and ends with savage executions as the Christians, in league with Spain, double-cross their conquerors. On the way, there are casual sectar-ism murders and, to borrow cur-rent Parliamentary parlance, var-ious other intolerable outrages such as the strangling of a Friar in his bed and the wholesale pol-acting of a number. soming of a numnery.

T S Eliot was surely right in stating that the play is both a farce and terribly serious. Any sense of anti-Semitism is completely engulied in seeing Barabas as talented immoralist in a wholly research and control of the serious serious.

shown in Bromley, admiring then as I admire now, its excellently judged scale for LCB's modest forces. We tend today to inflate certain ballets of the Bournonville repertory far beyond the domestic proportions that obtained at their first performance. Seen on the Wells stage, with a cast reduced to essential numbers, the innate poetry of Bournonville's vision speaks strongly to us. We sense a certain

Her James was Tim Almaas, very made and Tuesday's gala were made possible by ADT.

Suphide and Tuesday's gala were made possible by ADT.

Publishing lecture

Publishing lecture

Nigel Newion, chairman of Bloomsbury, will be giving a lecture at the Boyal Society of Arts the supporting cast, nimble steps that obtained at their first performance. Seen on the Wells stage, with a cast reduced to essential numbers, the innate poetry of Bournonville's vision speaks strongly to us. We sense a certain should be added to a further insight into the made possible by ADT.

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Nigel Newion. nomic environ The element missing from Alun Armstrong's otherwise energetic and irresistible performance is one of lyricism. This long role, which has almost half the text of 2,400 lines, is one of both activist and Marlovian

wholly corrupt political and eco-



Alun Armstrong over-reacher. But he is also an wrapped in a geographical cloak, experienced man of the world as a powerful representative of who learned how to foster the Mediterranean trading industrevenge in the Florentine ghetto try. He is also splendidly hoist and has undergone lengthy with his own cruciform petard at

apprenticeships in necromancy, the end. engineering and usury. Much apprenticeships in necromancy, engineering and usury.

Armstrong hurtles along without pausing to be sinister, or even wily. In this, he is the exact opposite of Eric Porter's Barabas in the middle 1960s, eschewing the Faustian intimations in fewerer of the jesting ispacy. His rice. The RSC Thotch-notch the Faustian intimations in favour of the jesting japery. His most brilliant "turn" is as the mired-historical costume accessories. The RSC "hotch-potch" style, of which Mr Kyle is somethod, a Gallic George Formby in a straw boater who brings the house down and must surely be allowed an encore by Mr Kyle.

That earlier RSC revival was unforgettably set by Farrah in a Malta of white, sun-baked walls. Bob Crowley's packing case construction hardly suggests "infinite riches in a little room" but admirably conveys the central notion of Barabas, initially

# Arts guide

tity.
Wisely, the company began
this short Wells visit with its

strongest repertory card: Solveig Ostergaard's staging of La Sylph-ide. I reported last autumn upon

this production when it was

shown in Bromley, admiring

Exhibitions

**WEST GERMANY** 

Berlin, Martin-Gropius Batt. Joseph Beuys (1921-1985). This is the first complete show of Benys works ever presented in Berlin. There are about 150 room-sculptures and objects and about 456 paintings from the end of the 1940s to the end of the 1960s based on a cycle The Secret Block for a Secret Person in Ireland. The sculptures are an echo of real life and the artist's memories. Benys and the artist's memories. Beuys was a political radical, who attracted plenty of hostility. This exhibition has been criticised for not showing this aspect. Stress-mannstrasse 110: Ends May 1.

mannstrasse 110: Ends May 1.

Rottrop, Joseph Albers Museum, im

Stadigarten 20. To commemorate
the 100th anniversary of Josef
Albers' birth, 100 paintings of the
artist, born in Bottrop (1888-1976),
cover the foll range of his work.
(Ends May 5).

Bad Homburg, Sinclair-Haus Lowengasse/Dorotheenstra. From Marees
to Picasso, 92 great works of Euro-

to Picasso, 92 great works of European painting, on loan from Wup-pertal von der Heydt Museum and 9 paintings from Marces. (Ruda April 24).

Subscriptions (069) 7598-101

Ø Frankfurt (069) 7598-101 now for details. **AMSTERDAM** 

Stedelijk Museau. An explosion of colour and exuberance fills 10 of this museum's galleries in the Frank Stella retrospective of paintings and reliefs from 1970-1981. Ruds April 10.

Overholland Museum. Prank Stella drawings 1956-1970. Mussumplein 4. Ends April 10.

PARIS

Grand Palais. Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zucharan pro-gressively abandons the strongly-contrasted rich colours for a softer

gressively anamous the strangycontrasted rich near monochromes.
Reversing the perspective, using
geometrical composition sattings
and shedding everything superfluous, the mystical painter of the
counter-reformation seems to be a
precursor of enbism. (42560824).
Ends April 11.
Masée d'Orsay. Van Gogh in Paris. To
mark the emismary of Van Gogh's
two-year stay in Paris, a period
which proved a turning point in his
artistic development, the Musée
d'Orsay has assembled more than 50
of his paintings and a 12 of his
drawings from national and private
collections. By hanging landscapes
and still itses by Monet, Anquetin,
Reacir, Toulous-Lautret and Signac next to Van Gogh's work, the
exhibition brings out their influence
on the transformation of the Dutch
artist's traditionally combres coloure enthition brings out their influence on the transformation of the Dutch artist's traditionally somire colours into a soft impressionist palette underlined by contrasts of bines and oranges, reds and greens. Yet in spite of the reveisition of his affini-ties with impressionism and post-impressionism structured by a strong dose of imanism, Van Gogh

used both the techniques in his search for his own, profoundly per-sonal art expressed most dramatic-ally in the series of his self-por-traits. (45 49 45 14). Closed Mon.

I record with admiration that LCB relies for much of its sup-

port upon commercial sponsor-ship, and with gratitude that La. Symbide and Tuesday's gala were made possible by ADP.

ally in the series of his self-por-traits. (45 49 46 14). Closed Mon. Ends May 15.
Centre Georges Posspidou. Le Demier Picasso 1953-1973. By placing the last 20 years of Picasso's work in the context of contemporary art, the 95. paintings, 34 drawings and 70 engravings exhibited permit a fresh approach to the controversy caused by contradictory indements on the ageing painter's feverish creativity. Absorbed at first by puraphrasing Delacroix, Velasquez, Manet and David, his funtasies and obsessions turned to the painter and his model and finally to the basic themes of the archetypical woman, the couple, the man. (42 77 12 33), Closed Tue, Ends May 16.

the methetypical woman, the couple, the man. (\*2 77 12 33), Closed The, Ruds May 16.

Petit Palais. Winterhaber and European Counts from 1830-1870. A retraspective of the painter of graceful feminine beauty stround the thrones of France, England and Beighum. (\*2 55 12 73). Closed Mon, Ends May 7.

Grand Palais. Degra. An important retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Haly to the rich maturity of his last years. His favourite themes of ballet dancers — there are the two ventions of La Classe de Danse on display — and of jockeys and race courses, of weatherwomen, millimers and bathers show the diversity of his inspiration ections by the warlety of his modes of expression. Oils and pastels, drawings and engravings, photographs and sculpture complete the vision of daring and invention of the painter who helped to usber in modernity. Grand Palais (42 55 59 20). Ends May 15, Closed Tue.

LONDON Tate Gallery, Douglas Cooper - The Masters of Cubism. A small but

choice selection of 81 works en paper from Cooper's collection of cubist art of all kinds but principally of the work of the great quartet of Picasso, Braque, Gris and Leger. Ends April 4.

Ziris Gallety. David Bomberg — A full retrospective of one of the most dis-

Inte Gallery. David Bomberg — A full retrospective of one of the most distinguished British painters of the century, yet one whose secure critical success came only after his death in 1987, at the age of 65. As a young nam in London before the First World War, Bomberg was associated with the Vorticist movement, of the first innections and critical. cated with the Vorticist movement, of the first importance and originality. But now we can see that far from fading into sad mediotrity, deserving of neglect, his later wick, although it was superficially so different, retained all that strength, liveliness and profound originality. ITALY

Rume, VIIIs Medici (French Academy).

A Cartain Robert Doisness. Photographs spanning the 40 year career of Doisness, from his touching and evocative Paris street-scenes of the immediate post-way years to a series of portraits of well-known writers and artists. Tender but unsenthuental in the images of children and lovers among the rubble of the bombed city. Doisness is illuminating, humorous, and unmalicious in his portraits: Pleases in 1862, sitting with splayed hands on the hunch-tawith splayed hands on the hunch-in-ble, but with bread-rolls where the ingers should have been Prevert posed carefully in front of the shop Marode, so that the O is covered; Colette with an enormous collection

Colette with an enormous collection of paperweights, and Julian Green, de Beauvoir, Simenon, Dubuffet and Glacometti. Ends April 3.

Soumes, Palezzo Pini. Floralia — 80 paintings of flowers and plants with drawings, tapestries and illustrated botamical books, testifying to the Medici's precedous passion for this

MADRID

MADRID

Chreals de Bellas Artes. The Bomswitz Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-mamination and also the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and politic collections, some being shown for the first time. The romantics established a spiritinal-landscape tradition which proved to be indigenous and an enduring influence in the contary to follow. This lineage can clearly be traced from the 19th century through Nash, Sutherland, neo-romanticism, Moore, Bacon and British abstraction of the 1950s to the artists represented in this exhibition. Ends April 12.

**GENEVA** Galirio Jacques Benador, Alberto Gia-conetti drawings and rare prints. 7 Eure de l'Hotel-de-Ville. (21 51 36). Ends March 26.

**NEW YORK** 

Metropolitan Massum of Art. Every phase of Fragonard's art is included in this, the first comprehensive exhibition of his works that capture France in the last decades of the ancien regime. With 90 paintings and 130 drawings, the show comes from the Louvre with his studies of contemporaries in the stricked coscontemporaries in thestrical con-tomes as well as paintings like The Fête at St Cloud and The Seesaw. Ends May 8.

WASHINGTON intional Gallery. The human figure in early Greek art is the subject of 87 sculptures and printed pottery starting in the 9th and 8th centuries BC, with althoughed stick figures and ending with the naturalism per-fected in the 5th century BC. Ends June 12.

March 18-24

art assumes. A convenity retrospec-tive of the work of Georgia O'Kesie evokes the world of flowers and shalls in the luminous light of New Mexico. Ends June 26.

**CHICAGO** 

Japan Folkeraft Museum (Nilhon Mingeikan, Komsha). Prints by Munaltsate Shiltor, pottery by Kawat Kanjiro. A special exhibition featuring
works by two of the leading Japanese artists of the 20th century.
Munalsate's prints are dynamic and
vertiginous (possibly because he
was near-sighted from his youth
onwards), while Kawaf's distinctive
style favours brightly coloured
glazes. Don't miss the superb standing collection of crafts from all over
Japan, housed in a replica of an old lapen, housed in a replice of an old farmhouse building which is in per-fect harmony with the unself-con-scious beauty of the objects. Ends March 27.

March 27.
Setagaya Massum. An American Vision: three generations of Wyath Art. An enhibition of peintings by America's best-known living artist, Andrew Wysth, his father N.C. Wyeth, and also his son James, organized by the Brandywine River Museum, Chadds Ford, Pennsylvanha and sponsored by AT&T. It should appeal to the Japanese, not only for its exotic all-American qualities, but because artistic dynamics are something the Japanese understand and admire. Closed alternate Mondaya.

Saleroom/Antony Thorncroft

Scandinavian boom

A painting, completed in 1906 by the Swedish artist Anders Zorn, and 2231,000 for another perspectof two young girls naked in a forest glade sold for £495,000 at Sotheby's yesterday, near the top lithograph and can be considered that of its estimate. While not approaching the record for a Zorn of £750,000, it suggested that of \$750,000, it suggested that there is still good demand for this mason was an active buyer, payprolific artist and for Scandina-

This is the big week for Scandinavian art in London, with Soth-eby's and Christie's offering between them over five hundred which was virtually unknown outside its native shores even

Most of the items will return to boo," a view of the study of Carl Flower pictures are much in Larsson, with his young daughter demand these days.

vian painting generally.

It was bought by Raif Ekblad, a picture by Silif Peterssen, a Norwegian artist, of a lady sewing by young Swedish property developer, who has been collecting the work of Zorn, Carl Larsson, and Liljefors, the great names in the estimate. If his reputation Swedish art, for six years, and is had been greater the price for an is happy to be returning the exquisite work would surely have been higher.

Another evocative Norwegian scene, "By the open door" by Nikolai Astrup, went above esti-mate at 2165,000. It is a masterlots from a school of painting piece. Significantly the other less competent painting by Astrop outside its native shores even failed to sell, re-inforcing the trufive years ago. Since then global ism that only the top quality interest has grown tremendously, items were finding new homes. With prices going up in line. The auction totalled over \$2.8m, indeed the salerooms have had trouble reducing the expectations of sellers who, impressed by sudded to offer some mediocre record prices paid for the leading paintings to justify such a speartists last year, were anticipating the truing the upward spiral to last for such an esoteric field is limited to the discarning connoissent. the discerning connoisseur.

Harari & Johns of London paid Scandinavia, where they were 559,400 for an interior by the Dan-sent for sale to take advantage of ish artist Peder Bated. In the gen-London's international reputa-tion, but two of the best were bought by an overseas telephone by an earlier Danish artist Johan bidder of non-Scandinavian origin. He paid 2236,500 for "Peek a 220,000 and realised 2220,000.

### **FINANCIAL TIMES**

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Thursday March 24 1988

# The risks in going public

to recommend to its members a change of status from building society to public limited company is a bold response to the new opportunities presented by the 1986 Building Societies Act. The question now faced by building society investors - the nominal owners of these mutual organisations - is whether such boldness makes sense. The short answer is that it may do for some; but the challenges and risks for those societies that do choose to go down the route towards full banking status are formidable.

The case for converting to a public limited company rests on the rapid changes now under way in the banking market. The dividing line between one type of financial institution and another has been blurred by deregulation and technological change. The consumer is also becoming more sophisticated, which is taken by bankers to mean that consumers want a wider range of services from the same bank. Competition has increased as the clearing banks and others have been given freedom to attack the building societies' traditional savings and mortgage lending

Against that background building societies have argued that even after a recent review of the powers in the Building Societies Act, they are still hampered in competing with the banks, both in terms of their access to funds and their ability to move into and their ability to move into
new business areas. If they want
to compete on equal terms with
the banks, the new option introduced by the Act of going public
has it attractions — especially
now that the Chancelor has removed the tax obstacles to conversion into a public limited com-

### Wave of conversions

The problem, at the macro level, is that a wave of conver-sions among the larger societies could have worrying implications for credit because of the massive increase in the capital base of the banking system. Abbey National, for example, made profits last year of £383m, equivalent to just over 40 per cent of Lloyds Bank's profits. But with no Latin American lending to depress its price earnings ratio, Abbey National could well find itself in much the

The decision by Abbey National same league in terms of market to recommend to its members a capitalisation as Lloyds and the flotation would produce a massive cash inflow. It would then have the problem of finding profitable outlets not just for the increased capital but for the substantial increase in lending that the fresh capital would permit.

Like the TSB at the time of its

flotation, Abbey National is con-vinced that the money will not burn a hole in its pocket. It believes that it will initially be able to find outlets for its vastly increased resources in the mortgage market. It is not keen to make big acquisitions and the lure of merchant banking has yet to cast a spell over the most ambitious of the building societies. Its managers are committed to a policy of continuing to concentrate on personal financial

### Brave new world

Whether this approach proves profitable in the longer run, only time will tell. But there is no question that for the building societies as a group, the manag rial consequences of a wider role in financial services will be very testing. Their original money gathering and lending operations were relatively low-risk and simple - far from an ideal back-ground, in fact, for the brave new world of deregulated financial services. And it is a most point whether going public will really enhance the quality of customer service in the way that the more go-getting building society managers claim. Mutual ownership, after all, delivered a much more effective savings marketing oper-ation in the 1960s and 1970s than the discipline of the stock market produced at the clearing banks.

That is not to say that Abbey

National is wrong to take up the challenge. It may be correct in thinking that there is as much risk in staying inside the build-ing societies' depleted ring feace as in leaving it for the wider banking area. But it is hard to see how the building societies' original image of cosy solidity and security will survive in a world where new activities will sometimes be accompanied by eye-catching losses. And for the smaller fry in the movement, for whom conversion is not an option, the outlook remains prob-

Anything could happen, now that Mr Mitterrand has formally joined the fray;

# Ian Davidson considers France's presidential contest now that Mr Mitterrand has declared his hand

ALTHOUGH it seemed increasingly a foregone conclusion, France remained mesmerised until the last moment by the question: would Mr François Mitterrand stand for re-election in the forth-coming presidential election? Now that question has at last been disposed of, it s clear that it was obscuring three larger and more interesting issues. First, supposing President Mitterrand

wins — and the polls have been promis-ing him victory for months — what will be the implications for the government of France, with a left-wing President or France, with a satisfied freezest facing a centre-right majority in parilament? In Tuesday night's television interview, Mr Mitterrand did his best to play down any sense that there could be a constitutional difficulty, but the dilemma is more complex than he

The second issue is more difficult to forecast. Two thirds of the French electorate have apparently been finding the campaign boring so far and the proportion has risen in the past month. More-over, a significant proportion of the electorate seems not to care passionately either way who is elected on May 8; and a substantial minority remains

in that case, what is the election about? The right is representing it as a struggle between liberty and socialism, but the indications of boredom, indifference and indecision among the elector-ate suggest that this particular line of attack has been missing the mark. The Socialist Party has come a long way from the sadness and setbacks of

its attempt to reform society and build socialism in one country in 1981-82. Today its programme is imprinted with prudence and pragmatism — an approximation to a modern social democratic party. It is doubtful whether François Mitterrand himself has ever had the personal convictions of a com-

By contrast, it is the parties of the right which, under the influence of Reaganism and the Thatcher factor, have taken their stand on the ideological grounds of deregulation and market. forces. These are doctrines which, if not revolutionary in other parts of the world, are certainly untraditional to any French audience.

President Mitterrand's opening gambit on television on Tuesday night, that he is standing again in order to unify France and build a civil peace above party and faction, and against the greedy and intolerant, may or may not prove a winning line. But if the election becomes a battle to see who can occupy the middle ground, the task may prove easier for Mr Mitterrand than for either of his right-wing opponents.

The third issue is one which has been

lurking in the background ever since 1981, but which will move starkly to the centre of political debate if Mr Mitterrand wins a second seven-year term: what is wrong with France's right-wing parties, and why can they not get their act together? The Fifth Republic is a creation of General de Gaulle and for 23 years he and his successors ruled the roost. The trouble is that they ruled with declining plausibility and declin-ing coherence, and today the parties of the right are deeply divided.

After the lamentable setbacks which beset the Socialist Government in its early years, the right succeeded in returning to power in 1986. But its vic-tory was not much of a vindication. with a narrow majority in parliament and the ominous shadow of a 10 per cent extremist National Front vote looming on the right. In two years, it has managed to carry out much of its programme, including income tax cuts, deregulation and the privatisation of many of the companies nationalised by the Socialists five years earlier. But if Mr Mitterrand nevertheless succeeds in recapturing the Klysée Palace, it will be a damaging verdict on the right's record, reputation, cohesion and leader-



rrand, Jacques Chirac and Jean-Marie Le Pen

# An uphill struggle for the right

but, ostensibly, the outcome is already but, ostensibly, the outcome is already a foregone conclusion — if you trust the opinion polls. He has two plausible rivals: Mr Jacques Chirac, the Prime Minister and leader of the neo-Gaullist RPR party, and Mr Raymond Barre, former Prime Minister in the 1970s under President Valery Giscard d'Estaing. The polls have long agreed on two predictions: that François Mitterrand will come in far ahead of either Mr Chirac or Mr Barre in the first Mr Chirac or Mr Barre in the first round of voting, but with less than an outright majority; and that he will defeat either of them in a second round

Recently, President Mitterrand's score has declined somewhat, while Mr Chirac has come from behind and appears to have established a small but clear lead over Mr Barra. But none of these relative shifts has yet been great enough to unsettle the odds on a Mitterrand win. Needless to say, opinion poll score

can go down as well as up and there is still more than a month to go before the first round of voting. Mr Mitter-rand's opponents predicted earlier that his lead would become vulnerable as soon as he stepped down from the Olympian heights of the presidency and into the ring with the other contenders.
On the other hand, the main difference between the French presidential election and the process under way in the US is that in France all three of the Mr Chirac and Mr Barre both served as Prime Minister under President Giscard d'Estaing, while Mr Mitterrand first established a cast-iron claim to the leadership of the left when he chal-lenged General de Ganlle in the 1965

ought to be surprising because left-wing presidential candidates can count on only about 45 per cent of the voters' support, while right-wing ones command roughly 55 per cent. But the explanation for the expected Mitterrand victory is that the right is not only divided three ways; including the extreme right-wing challenge from Mr Jean-Marie Le Pen of the National Front, but is also deeply split emotionally, and so cannot be counted on to unite in a final run-off.

A quarter of Mr Chirac's supporters will refuse to switch to Mr Barre in the second round, preferring to vote for Mr Mitterrand, and vice versa. Half of Mr Le Pen's supporters will refuse to vote for either of the other two right-wing candidates. Short of some dramatic shift of fortune, it is these divisions which could carry Mr Mitterrand back to the Elysée.

Mr Mitterrand has given the clearest hint that he will be claiming the role of moderator and unifier, renouncing dog-matic ideology and attacking the excesses of the right. Unmistakably, he intends to concentrate his main attacks. on Mr. Chirac's RPR party, widely accessed on the left (and even in the centre) of using the privatisation programme to feather its own nest. It will be all the easier for Mr Mitterrand to seek a middle-of-the-road posture because his Socialist Party's pro-gramme represents a large shift towards the middle ground.

Do the right-wing parties advocate the construction of a single European market in 1992? So does Mr Mitterrand. Does the right advocate a stronger European defence? So does Mr Mitterrand. Does the right claim loyalty to the institutions inherited from General

de Ganile? So does Mr Mitterrand. Of course, differences remain between the Socialist Party and its right-wing oppo-nents, but these are much less than

they were.
For the right-wing contenders, the outlook is doubly difficult. The first problem, as Mr Chirac has publicly admitted, is that there are virtually no policy differences between him and Mr

The second difficulty for the right is more fundamental. The neo-Gaullist RPR is the largest party on the right and the most disciplined; but it is not large enough to impose its will on the rest of the right and for the past 15 years it has not even been as large as years it has not even been as large as the Socialist Party in terms of popular following. According to the mythology of Ganllism, the President should be above party politics. That was certainly how De Ganlle played the hand and that is how Raymond Barre is playing it, since he has ostentatiously sought to it, since he has oscentations young to place himself above the hurly burly of party machinations. But the lesson of history may suggest that, for any lesser figure than De Gaulle, access to the presidency may go hand in hand with mastery of a large and disciplined

François Mitterrand and Jacques Chirac both realised this a long time ago; but Mr Mitterrand was quicker and more successful in putting the theory into practice: by taking control of the Socialist Party in 1971, by co-opting the finally, by smothering them in a gov-ernment coalition which forced them first to submit and then to quit.

Mr Chirac took control of the Gaull ist movement in 1974, shortly after becoming Prime Minister under President Giscard d'Estaing, and he has

retained control ever since. Until now, however, his role has been more that of a spoiler than a winner, because his party has failed to gather enough support to dominate the centre-right ground. The right and centre parties have refused to unite, and the later years of post-Gaullist rule were marked by back-stabbing and treachery In 1974, as Minister of the Interior, Mr Chirac helped ensure the victory of Giscard d'Estaing over the Gaullist candidate, Jacques Chaban-Delmas, by releasing a "secret" government poll showing that Chaban-Delmas could not win; and, in 1981, he helped ensure Mr Mitterrand's victory by ostentatiously refusing to endorse Giscard's re-election. But the current trend of the opinion polls, which show him climbing adily past Mr Barre, seem to point to the advantages of electioneering with a

large and wealthy party machine. Mr Charles Pasqua, current Minister of the Interior, has tried to repeat Mr Chirac's 1974 exploit in reverse, claiming that a secret government poll promines Mr Chirac the matter. ises Mr Chirac the victory. But the commercial polling organisations have greeted the Pasqua claim with frank disbelief and, in practice, even the Gaullists seem to expect a Mitterrand Gaullists seem to expect a satterrand victory. That is no doubt why Mr Edouard Balladur, the Finance Minister, recently set the cat among the pigeons by proposing that, after the elections, the RPR should form a confidential with that is take control of federation with (that is, take control of) the centrist parties in the UDF umbrella organisation.

The implication of Mr Balladur's proposal, and of much of the Gaullists' language, is that they are already starting to think about what do after a Mitterrand victory. Mr Chirac has ruled Mitterrand victory. Mr Chirac has ruled out a continuation of the pattern of the past two years, in which his right-wing government has "cohabited" with the left-wing President; and Mr Barre has been against cohabitation from the beginning. But if Mr Mitterrand is re-cleeted, it is he who will have the legitimacy of a renewed mandate, and the macy of a renewed mandate, and the choice in deciding whether to seek a centre-left government or to dissolve the National Assembly.

Mr Mitterrand affects total serenity Mr Mitterrand affects total screnity on this score. If he is elected, he will appoint a Prime Minister who reflects the new "presidential majority." If the National Assembly prevents the Government from governing, there will be new general elections. In other words, President Mitterrand, like Jacques Chires is similar to take over someth of rac, is aiming to take over enough of the centre parties to shore up his posi-tion. The difference is that the Balladur proposals sound like a threatening takeover bid, whereas Mr Mitterrand obviously aims to be seductive.

Whatever the outcome, the Gaullist party is faced with two awkward questions. Why, despite the historical charisma of General de Gaulle, has it failed to encompass a larger share of the centre-right vote; and why, despite its strong law-and-order platform, has it failed to pre-empt the establishment of a substantial extremist National Front party to its right?

The tables accompanying the article on the EC and Eita which appeared on this page yesterday contained a number of errors.

Correct figures appear below. GMP '86 EFTA

-	(US\$bn)		(02200)
Belgium	115	Austria	94
Denmark	79	Finland*	70
France"	723	iceland	4
Greece	39	Norway	69
Ireland	22	Swe."	131
Italy*	600	Switz.	142
Lux'bg.	6	Total	510
N'lands	175		
Portugal	28	Total EC	
Spain	227	imports	
UK	554	fm EFTA	80
W.Germ.	897	Total EC	
Total	3.465	exports	
*GDP	9,403	to EFTA	89
GDP		WEFIA	66

Monday to Friday

# Terror and television

WHEN THE Government puts pressure on the broadcasting authorities, the natural tendency nation in what was to be taken the control of the con of those involved in the media is to spring to the defence of the broadcasters. This is not always the best response. The policies of Britain's television news organisations are not invariably without blemish, and they naturally come under particular scrutiny when film of the hideous cycle of riolence and counter-violence in Northern Ireland is televised. Neither the BBC nor ITV News can escape such scrutiny. The reason is plain: where there are public demonstrations. riots. or photo opportunities" the camera is seldom an innocent observer. It is usually a part of the event, which in many cases is staged purely as a means of gaining TV

### Reason for disquiet

Thus there is good reason for ment and elsewhere over TV coverage of a staged IRA "comme ration," complete with rifle salute of the three terrorists killed in Gibraltar. Mr Tom King, the Secretary of State for Northern Ireland, has properly rejected the notion of a ban on such cov-erage. But, he added: "I am under no doubt that in a free society the media, particularly the telev sion cameras, have a great responsibility for what they decide to broadcast. There may be a case for self-restraint by newspapers in such matters, but it is not nearly so strong as the argument in favour of such a self-denying ordinance by the TV

For the power of the screen is immense. This is recognised by those who seek to exploit it, and should be recognised by those who produce it. Censorship would of course be the wrong answer; it is a matter for the broadcasters themselves. No individual piece of PR puffery by the there may be compelling reasons too severe a risk. The public for covering one while ignoring might accept such a price - but another. The important point is first it would have to be perthat the TV news executives suaded that the TV authorities

would in future exercise discrimi-nation in what was to be teleestant counterparts.

cated when it comes to murders, such as those perpetrated by the mob last Saturday. The camera is such events. It is an eye-witne a copy of the unused film. The occasions. This is a standard BBC and ITV policy. Even though the BBC wassomewhat clumsy in proclaiming it this time, it did not deserve the especial opprobation brought down on its head

### Camera as witness The matter is more compli-

not an innocent bystander at It could be argued that it is a witness of far greater importance | appeared in March 1962 and was than any ordinary citizen would than any ordinary chizen would be, since the scenes relayed by the camera serve to bring home to people the full force of what has happened. By showing last week's non-staged event in its full horror, TV exposed the IRA murderers for what they are. Yet murderers for what they are. Yet a witness is a witness. A witness to murder has a civic duty to give evidence. This is the view taken by the police, who have asked for would use it to release new interbroadcasters at first refused to hand it over voluntarily, on the ground that this would place the near term. At cameramen in danger on future could be electric.

argument around. If we are wit- the end of this month and will set nesses, they might say, then like up his new firm called Henry other witnesses in such matters, Kaufman & Co Inc at the end of we need protection. It would be impractical to provide TV cameramen with bodyguards, as is nec- and will undertake some public Ministers, but it is not especially unreasonable to ask for the that will be missed. As he says in unreasonable to ask for the degree of protection that might his valedictory, he tried to tell it come from refusing to hand over any film until a court order made it obligatory (even if this means a change in the law). This could become the price that has to be paid for coverage of street terrorism, since, at the extreme, cameramen might decline to take on IRA is the same as any other, and the work if their lives are put at

### Kaufman's last **Comments**

mHenry Kaufman, one of the great Wall Street gurus of all time, has written his last contri-bution to Salomon Brothers' Comments on Credit.

He recalls that it was originally an internal memorandum. It first only two paragraphs long. The sales people soon started sending the weekly analysis to clients. Then Comments on Credit was established with a formal mailing

est rates forecasts or asset

brium brought down on its head by Conservative backbenchers and indeed the Prime Minister.

The broadcasters can turn the Conservative backbenchers and indeed the Prime Minister.

Kaufman is leaving Salomon at

Enough is enough MAre we alone in believing that more concerned with a woman's Francois Mitterrand may well fail role in what has been traditionally a man's world. France, having delayed the Debate became heated at times. announcement of his decision to Platt had to correct one of the stand for so long?

Forget the opinion polls about referred to an engineer in general the first ballot on April 24 which show Mitterrand with a clear-

# **OBSERVER**

do in the campaign would be to declare that he will finally seek to change the seven year rule, which was introduced under de Gaulle when France wanted strong government and has had a debilitating effect on French poli-

presidential election.

Bridging the sexes Baroness Platt of Writtle, chairman of the Equal Opportuthat would have a bearing on the direction of interest rates over ing her views this week on the the near term. At times the effect mental attributes of women, which she argued were the same as those of men.

Women only do what have been seen as "women's things" because of social conditioning and upbringing, she says. There is no such thing as a woman's mind as opposed to a man's mind. Differences are purely due to environmental conditions, she

The Baroness was speaking at an Institute of Mechanical Engineers dinner to welcome its second woman honorary fellow Nancy Fitzroy, president of the American Society of Mechanical Engineers. Platt was its first. The dinner, slotted between the Centenary Lecture on Thin Shell Structures and last night's lecture on The Growing Pains of Ceramics Processing, was less concerned with engineering and

male guests who inadvertently

Career women had special should be aware of the need to know that they ought to steer lead over his tivals. The only poll make a choice. Their organisa- clear of sheer public-relations that matters is the second ballot tions would benefit from a gen- character indulged in by the IRA. on May 8 between the two front didn't want a wife," she said.

runners in the first. The fact that Mitterrand is already 71 and is the Baroness who puts her "environment should count against him. One of the best things he could term and one grandson and all the countries who puts her "environmentalist" beliefs into practice. She has three grand-daughters and one grandson and all the countries who was a street of the countries who was a str will be receiving the same birth-day present - a bridge-building

### Stars in Japan

■Mick Jagger, Britain's middle aged rock star, is collecting about \$5m this week for giving a few concerts around Japan, which has become the most lucrative venue on the circuit for the performing elite. This is less than Michael Jackson earned earlier this year, but certainly more than Jagger could command at

So far. Jagger has not appeare in any commercials, unlike Paul Newman advertising a credit card, but Suntory is a main sponsor of this week's concert series. Suntory said: "Mr Jagger's character matches that of our new beer, Suntory Dry. His appearance in Japan is epoch-making so this should help accel-erate the sales of Dry beer."

### House no mansion ■The Lord Mayor of London will have to live with the old decorations in the Mansion

House for a little longer as the Roman amphitheatre dig next to the Guildhall gathers pace.

The development proposed for the site would have housed temporary living quarters for his Lordship to allow redecoration of the Mansion House, but the plans are now back on the drawing board. Everything is holding for

The Museum of London archeologists are working to a mid-April deadline at present, though Edwin according to the Corporation of Oxford.

London which owns the site their "licence to dig" is open-ended. Discussions between planners and architects are still going on.

In the meantime, English Heri-tage has sent confidential recom-mendations to Nicholas Ridley, the Environment Secretary, an Brian Hobley, Chief Urban Archaeologist for the City of Lon-don, has submitted a list of eight options, the idea of some sort of interpretative display on the lines of the Jorvik Centre in York

featuring uppermost.

The dig itself has uncovered some interesting timbers in the arena area from what may have been a pre-stone amphitheatre although the archeologists have not decided what the timbers are:

### Messalina's ways MA curious new group has been set up in Oxford called

Tories against Hybris in High Places (1988). Hybris is, we assume, a peculiarly precious form of the word "hubris". The group disseminates ridfiles. One of them runs: "Why do the back-benches of the House of Commons today resemble the streets of ancient Rome during the Principate of the Emperor ius (41-54 AD)!"

The answer is: "Because the former and the latter were crowded with cast-off Senators for whose services the most notorious lady of the time had no forther use. Far more interesting, however

is the proffered hint: "For Youknow-who's recent consumption of Ministers see Hansard passim for Messalina's very different appetite, see Pliny the Younger, Natural History, Book X, 172. We looked up Pliny. Me was Claudius Caesar's consort. The story about her cannot be repeated here — even in Latin. Besides, the precise meaning is obscure, both in the original and in the translation offered by the

Loeb Classical Library.

Copies of the riddles may be obtained by sending a stamped. d envelope to TAHHP. 94 Edwin Court, Binsey Lane,

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**AIRPORT** A MOWLEM ENTERPRISE

### **ECONOMIC VIEWPOINT**

# The need for a European currency

By Samuel Brittan

THE UK Secretary of State for Trade and Industry, Lord Young, reminds me of one of those British road signs which were twisted round during the Second World War to muddle any German invaders. As they are, they stand in the wrong direction; but reverse them wrong direction; but reverse them through 180 degrees and you have a

clear idea where to go. His advice to British businessmen at the end of last week that the European Monetary System was not important in the drive for a unified European Community market by 1992 serves this func-tion. Turn it through 180 degrees and what we learn is the need to go well beyond the EMS to a common Euro-

pean currency.

The system has had, as the chart shows, a great deal of success in nar-rowing inflation differentials. Few peo-ple realise that the French inflation rate is now less than 2% per cent and within striking distance of the West German rate. Italy, where one used to have take yet more million lire each time one travelled there, has now got its inflation rate down to 5 per cent -

despite an enormous Budget deficit. Nevertheless the progress made will be threatened unless the EMS can advance much nearer to full monetary union and ultimately a common currency, which would put it on a par with other unified markets such as the US.

The deputy director general of the Banca d'Italia, Tommaso Padoa-Schioppa, discussed in a paper last October the "inconsistent quartet" of objectives which the Community is still trying to reconcile: free internal trade; full capital mobility; fixed, or at least managed, exchange rates; and national autonomy in monetary policy. The fourth - national monetary autonomy - will, he believes, have to go. The defence of agreed exchange rates will require not merely enhanced co-operation but "a willingness to subordinate domestic monetary goals to exchange rate stability when circumstances require" (Bank of England please note). He draws an analogy with a domestic run on the banks, where the central bank, acting as a lender of last resort, should fully accommodate any demand to convert deposits into bank notes

without worrying immediately about

the monetary statistics. But, for such procedures to work internationally,

From Mr J.W. Eversley.
Sir, Derek Broome made two

telling points about the lack of

coherent Government towards the smaller firm (March 17). But he appears to underesti-

etery authority."

On a more homely level, the use of 10 different kinds of money in the EC is an obstacle to a unified market. Traders do not know what one money will be worth in terms of another. Ordinary citizens — who should be the object of the whole exercise — have to pay large dealers' margins when they travel. There are also the complications and documentation involved in making a payment across the exchanges, which do not arise in a single currency area.

Instead of one set of interest rates across the Community - differentiated only by the term of the loan or the credit standing of the borrower - there

is a different set of nominal interest rates in each country. No one knows whether these differentials compensate for either inflation differences or future exchange rate changes If we are to have a unified goods or capital market, EMS realignments will need to become an unnecessary anachronism. The last major realignment in January 1987 only involved a 3 per cent change in the French franc/D-Mark parity, and was partly forced by a poorly co-ordinated response to capital movements. The French Government may or may not want another change after the coming presidential election. But after that, adjustments in domestic monetary

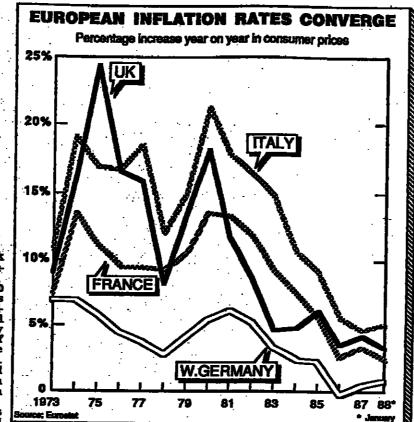
policy should be able to take the place of currency realignments.

If anyone thinks this trend of thought Utopian, let him note that the new Franco-German Finance Council held this week the first of its planned quarterly meetings. A European central bank has the support not only of France, but of the German Foreign

Minister, Hans-Dietrich Genscher. The Bundesbank has worked out the plications in some detail. It rightly insists that any such central bank must enjoy the same degree of autonomy as it does, if monetary union is not to be another word for inflationary finance. It goes on to emphasise that there will have to be common European interest rates and no possibility of an indepen-

dent national monetary policy.

At present, it is using these ideas in a debating sense to fight off the European central bank idea. For instance, I was asked in Frankfurt: "Will President



Mitterrand accept these implications? will Mrs Thatcher?" Whatever the British do, the French are indeed likely to see where their true interests lie; and the Bundesbank may find its defensive brief taken far more seriously that it

As in the case of the EC itself, the As in the case of the EC itself, the British may simply miss the bus. While the Prime Minister is digging in her heels ever more obsessionally against EMS membership, in a way startlingly reminiscent of Harold Wilson over sterling devaluation, the EMS may be

There are several different ways in which a European currency could emerge. In the words of a 1987 report by the Federal Trust, a UK study group: "Currency competition will set in motion a process that reverses Gresham's Law. Good money will tend to drive out had." But, in the end, economies of scale are likely to result in a

predominant currency emerging.
Indeed, there should be nothing to stop anyone making a contract in terms of any mutually agreed unit of account, whether in a national currency, Ecus, gold, dollars or a contract indexed against inflation. But, for most purposes, a single European currency which preserved its real value would

have the edge.
Convinced Eurocrats would like to build the common currency around the Ecu. But the latter is nothing but a basket of 10 currencies, inferior to the strongest and most stable of its compo-nents. The Federal Trust makes some interesting suggestions for enhancing the Ecu's acceptability, including Ecu-denominated gold coins. But it says: "Since few firms have costs denomi-nated in Ecus, they have little interest in receiving payments in them."

The best candidate for the common

currency is surely the D-Mark, which has a proven track record of stability. Some cosmetic wrappings may be desirable politically. But if the common currency is nothing but the D-Mark in disguise, Europe will be well served.

disguise, Europe will be well served. One way of achieving a D-Mark stan-dard without the name would be for EMS exchange rates to be fixed irrevo-cably and for existing central banks to fuse their operations, as suggested by Banca d'Italia's deputy director gen-eral. If it does not make the mistake of dragging its feet, the Bundesbank can be sure of having a predominant influ-

If exchange rates can remain fixed for long enough, we can reach a situa-tion similar to that under the gold standard, where the different European currencies are in practice interchangeable and differ mainly in shape, name and denomination. Local currencies, with fluctuating exchange rates against the key ones, could of course continue to

circulate in the periphery.
Incidentally, as Tommaso Padoa-Schioppa points out, monetary union does not require a unified or even codoes not require a unified or even co-ordinated European fiscal policy. National governments would have to finance any deficits in a unified capital market, which would judge them by their creditworthiness. Moreover, there would be no possibility of financing the debt by printing money, as monetary policy would be determined at the European level

A final word on the theory: would not European countries be giving up a valuable adjustment instrument if they could no longer devalue or revalue against each other? Not really. The case for fluctuating exchange rates was undermined when the Phillips Curve collapsed. The Phillips curve represented the trade-off which was supposed to exist between unemployment and inflation, with more of one bringing less of the other.

Now that it is clear that there is no such trade-off and that high inflation cannot buy lower unemployment in the long run, the case for foregoing the benefits of a single international currency becomes very feeble.

Economists are then forced back on the right of countries "to choose their own rate of inflation," which is a pecular right when inflation, which is a pecular right when inflation, and the right when inflation, which is a pecular right when inflation, and the right when inflation are a recommendation.

liar right when inflation rates are as close together as they are in the European Community and even the short-term trade-off between unemployment and inflation is tending to vanish.

Academic opponents of monetary union sometimes argue that relative price changes may be required to accommodate "real shocks". Examples include a resource discovery such as North Sea Oil, the transfer burden of German reparations after the First World War, or a long-term outflow of capital such as the one from Britain to North and South America before that

The relative prices which need to be changed might be the terms of trade, that is the ratio of a country's export to import prices. They might also be the ratio of the prices of goods entering into international trade to those of sheltered domestic goods and services within a country.

Ronald McKinnon, of Stanford Uni-versity, has examined the 19th century price data, when the world was effectively on a single currency standard based on gold, and has discovered little evidence of either kind of relative price

Professor McKinnon does not believe that gold was, or would be today, a particularly good anchor. But the fixed exchange rate system of which it was part did bring nations together on a common price level and avoided the dramatic swings in international com-petitiveness of the 1970s and 1980s, which were far greater than - and sometimes in the opposite direction to

those required to change international price ratios to remedy imbal-

Indeed most members of the Organisation for Economic Co-operation and Development comprise an optimal currency area. The main reason for going ahead in Europe alone is that agreement between the Big Three blocs - the EC, the US and Japan - would take too long politically; while the Community has the chance to move to a common currency which would cover well over half the external trade of A unified European market without a European currency would be like a building without foundations.

Soviet and some East European leaders for competition, market forces and more democracy has revived the familiar arguments about the susceptibility to reform of the centrally planned econo-mies. More specifically, many are asking whether Mikhail Gorbachev can overcome the powerful

THE GROWING enthusiasm of

forces of inertia in the Soviet Union and drive it into the 21st century as an economic superpower capable of competing with the West High technology, however, has rendered such considerations 10 ears behind the times, according to Marshall Goldman, long-stand-ing critic of the Soviet system. Gorbachev's Challenge, his latest

salvo, argues that, even if the Soviet leader could win the sup-port of the bureaucracy and managers of enterprises for his reform programme, the Soviet Union would still remain a

Union would still remain a second-class economic power.

"Economic leadership will belong to those that lead the way in high technology... and the traditional prescriptions for reform are unlikely to bring the Soviet Union into the high technology soe." nology age."

Like Gorbachev and his main

economic advisers, Goldman argues that merely increasing the efficiency of the present system is not enough; a fundamental restructuring is required. But and factory, and the absence of small start-up firms, leaves the argues that merely increasing the presents the options with a harsh clarity that neither the Soviet eader nor even his more radical advisers have cared to adopt,

The Soviet Union will not be able to sustain its economic power and compete in the high technology arena, he insists, without an economic and political upheaval involving savage cuts in heavy industrial produc-tion (and hence military expenditure) to free resources for the development of light industry and consumer goods. It will also

recognises a place for market signals in the construction of the economic plan, but insists that "a socialist economy is by nature planned"

Levourite kne tiyer, who recognises a place for market signals in the construction of the escape the conclusion that his assessments are coloured by an investment are coloured by a coloured b

ning, investment and state own-ership of the means of produc-

Within this structure, some forms of product and process innovation can flourish; he cites large-scale projects, the develop-ment of Soviet computers, nuclear weapons, space technology and advanced materials. But unlike the "somewhat planned" THURSDAY REVIEW

> Gorbachev's Challenge

Economic Reform in the Age of

High Technology By Marshall Goldman W.W.Norton; £12.95

economies of Japan. Taiwan and South Korea, the Soviet system allows no role for the small, independent enterprises and venture capital organisations which have played such a considerable role in those countries' development

Soviet Union competing with "one hand tied behind its back," nology. Progress is further impeded by the low status afforded to service industries and the deep-seated fear of the free flow of information (calls for alasnost not withstanding) with which much new technology is

concerned.
Goldman allows Soviet leaders two options: radical reform and a reduced international role, mili-tarily and politically, or modest reform bringing marginal ing up banking and industrial monopolies and devolving power from ministries to antiing up banking and industrial monopolies and devolving power from ministries to enterprise managers.

This seems to be a long way from the perestroika envisaged by Abel Aganbegyan, the Soviet leader's favourite kite flyer, who recognises a place for market sign.

by an innate prejudice against "Nothing proposed so far," the Soviet system. Had his examination of other attempts to basic framework of central plans of the Socialist economic system. system, in China and Hungary for example, been balanced by an examination of successful cooperation between government and industry, such as that in Japan and West Germany, he might have allowed Gorbachev a wider range of options and his country a roster future.

Margaret van Hattem

### Letters to the Editor

### **Enterprise should be coherent**

mate the need to support smaller business growth in the economy, suggesting that current initia-tives are likely to be fully ade-As one of the larger enterprise

agencies, with well over 10,000 clients in any one year, we are serving three distinct markets:

1. The unemployed/redundant person who is considering self-employment, using the Gov-ernment's enterprise allowance it to manage its growth.

In order to assist the first and second group of clients we need some core resources, which 2. The existing company, which may lack management or special should be covered by a budget of

Hyundai service is not 'dumping'

3. The successful company capable of growing, but requiring relevant advisory services to help

loan capital providers, which we undertake as a paid service, will yield us a fee income sufficient to cover our remaining budget needs. We could double the core funding by our ability to earn fees; the "leverage" which Government is always seeking for its grants would surely satisfy even the most anti-interventioniet roli. the most anti-interventionist poliist technical expertise and £100,000 per annum. Since most inclination is requires counselling/consultancy of the clients will be unable to support to overcome current problems.

Like Mr Broome, we feel that Government needs to decide on its priorities and then rationalise encouragement of small business the financial support it gives to start-up — more likely to be effective than the undiscriminat-

affective than the undiscriminating broad-scale measures of its previous regional policy.

The support of successful companies, monitoring and appraisal portland Road, work, on behalf of equity and Newcastle Upon Tyme

loan capital providers, which we

### No-win, no-fee system is better

From Mr A.H. McQuillan.

Sir, I was interested in the dai service has been welcomed by reaction of the chairman of the Australian Shipping Conference volume goods who have enjoyed to a recent report in the Financial Times regarding the support the support being given by European Com-

being given by European Community exporters to a South Korean line against which an anti-dumping complaint has been lodged by EC shipowners.

The exporters' view, expressed that is why aliquent that Hyundai's low cost service is passive consignments and they have no wish to see either the Conference or the Hyundai service damaged. That is why shippers' councils, is that Hyundai's low cost service is passive consignments and they have no wish to see either the conference or the Hyundai service damaged. That is why shippers' councils in Europe have made counter-submissions to the costs, slower and more economic Commission, pointing out that service, and to a certain extent many of the European shipping by introductory discounts for lines which are party to the comuch a new service.

The EC Memorandum of Ship and that there is no concrete eviping allows for different levels of dence of any damage having been service and differing rate struc-caused to any European line as a tures. These do not constitute result of the emergence of Hyun-

unfair pricing or dumping. In dai. order to establish dumping it has to be shown that the alleged A.H. to be shown that the alleged infringer is receiving non-commercial advantages and is causing damage to the complainants.

This the lines concerned have

A.H. McQuillan,

British Shippers' Council,

Hermes House,

St John's Road,

Tunbridge Wells, Kent

From Mr John Robinson.

Sir, Leo Herzel and Daniel Harexpose incompetent lawyers to ris's insight (March 17) into the keen wind of the competitive

able to all - regardless of so.

demands skill and ability. In the present situation in the UK it does not matter if the client

able to all — regardless of income.

Litigation is denied to a wide range of middle income people in the UK because we do not have such a system. What kind of legal system is it that forces people into selling their homes and assets to raise the money to proceed civil suits?

The legal profession in the UK for succeed civil suits?

The legal profession in the UK has steadily resisted the contingency fee system on the premise litigants, and the outrageous costs of what may prove to have been gilb and inadequate representation for unsuccessful litigants, is now untenable. John Robinson, sense. The reason the Law Social suits, Lancoshire

increased litigation in the US highlights once again the comparative disability of UK citizens. Here, litigation is a luxury only present situation in the UK it for the very rich or the welfare-desirate page.

claiming poor.

While it is agreed that contination of a US court gency fee arrangements compound the problem of a US court gency fee arrangements compound the problem of a US court gency fee system, inept lawyers go hungry, and rightly so. Good do at least make litigation available to all a regardless of So.

### 'When the CBI and the TUC agree they are usually both wrong'

From Mr C.D. Hitchings are falling, but finance directors sir, it was predictable that the Confederation of British Industry (CBI) would be against portable inversely with ability to pay.)

The TUC has been blinded by the confederation of t

4 4 2

114.

such a new service.

Personal pensions are moneypurchase and their value is thus

Portable pensions are good because a final salary pension scheme is something of a confidence trick; it provides a good deal for employees who stay for their whole working life, largely at the expense of those who do not. (It gives a notably good deal to those who stay until they retire and see a large earnings increase over their latter years, which category includes directors.)

Personal pensions are moneypurchase and their value is thus
capricious; a final salary scheme
guarantees a pension in line with the pension industry has reformed their power which equities have itself. The government has legisfacted against some abuses, and not beaten inflation. Where the early leaver's position has improved. But to early leavers that advice, it can consider the even the best schemes give only increase over their latter years, which category includes directors.)

Personal pensions are moneypurchase and their value is thus
capricious; a final salary scheme
guarantees a pension in line with the pension industry has reformed the pension industry has refor

which category includes directors.)

Employees are not interested in annum.

But it is bad for companies: it pensions, and without a scheme creates uncertainty in costs. (No one worries now because costs

Test are equally capricious.

Employees are not interested in annum.

Employers do not like portable should not be helping them.

Employers do not like portable should not be helping them.

They are not interested employee says, "You told me you 52 Waldemar Apenue, SW6"

From Mr C.D. Hitchings.

Sir, It was predictable that the Confederation of British Industry (CBI) would be against portable pensions (FT report, March 14).

More surprising is that the Trades Union Congress (TUC) agrees. When these two agree on anything, they are usually both more.

Trades Union Congress (TUC) agrees. When these two agree on anything, they are usually both more surprising, they are usually both more surprised and their value is thus because they do not understand put 10 per cent of the payroll into — the final salary scheme is your pension scheme; please put deliberately complex, to disguise my 10 per cent into mine, and the minimal provision made by they must refuse in fairness, the young anyway. (If the scheme younger employees must accept this. Unless they know they will be very interested - if it retirement they should still opt will, however, I would probably out, in the knowledge that they will have a pension there are falling, but finance directors can be considered.

### PROVIDING A COMPANY PENSION SCHEME USED TO BE A BIG PROBLEM FOR A SMALL BUSINESS



Yes, because until now you've had your hands tied. In the past, setting up an attractive scheme for your employees has been a very complicated process. In fact, for those running a small business, it has

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# FINANCIAL TIMES

Thursday March 24 1988



# Angry rivals hit back at Mitterrand's claims

PRESIDENT François Mitterrand's right-wing rivals have been taken aback by his fierce if implicit denunciation of them for divisiveness, sectarianism and intolerance, during his declaration of his candidacy in the French presidential election cam
The construction of his candidacy in the French presidential election cam
The construction of the president of one one hand, 49 per cent process and said: "I want France to icy, and whose candidate adopts rand's other main right-wing a language of a rare violence which risks setting the French spaints towards a staken over by intolerant spirits, by parties which want against each other. On the other side, there is the majority which has been governing for two years in calm and unity, and which has a fracture of that the French voter is perfectly capable of holding contradictory by nature, exercise their domi
The construction of the president of one one hand, 49 per cent French presidential election campaign on Tuesday night, and they have hit back with equal fierce-

Mr Jacques Chirac, Prime Min-ister and candidate of the neo-Gaullist RPR party, and unmis-takeably the chief target of President Mitterrand's denunciations, commented that he was "astonished by the violence of the remarks of the Socialist candidate", and rejected Mr Mitterrand's claim to be able to unite

ist by nature, exercise their domination over the country, at the risk of tearing apart the social fabric . . It seemed to me that I was in a position to take a stand, to avoid these seeds of division of

which I was speaking."
In his response, Mr Chirac in turn denounced the party politi-cal bias of Mr Mitterrand's remarks, and went on to reiterate his proposal for a public policy debate with Mr Mitterrand.
"What is at stake is now clear. There is on one side the Socialist During his declaration on television on Tuesday night, Mr Mitpower to pursue a Socialist pol-

Yesterday morning Mr Mitter- discord. rand presided as usual over the

rity, economic progress and other." He questioned whether social justice . . . It is this union Mr Mitterand was best placed to which will allow us to go for-ward." ensure civil and social peace, after having spread division and

rand presided as usual over the weekly meeting of the Government, which was preceded by a specified Mr Chirac and the neobrief tête-à-tête with Mr Chirac, Gaullist party by name in his his Prime Minister. The atmosphere at the cabinet meeting, which is likely to be one of the terday by his supporters. Mrs. last before the first round of voting on April 24, was afterwards reported to be glacial.

Mr Raymond Barre, Mr Mitter
Though Mr Mitterrand had not specified Mr Chirac and the neospecified Mr Chirac and the neo-

want a second Mitterrand term whereas 44 per cent do not; and 60 per cent want him to have a parliamentary majority of his own stamp, whereas only 32 per cent favour a continuation of "co-habitation" with a right-wing parliamentary majority. On the other hand 45 per cent would prefer a liberal government policy, compared with 40 per cent favouring a social-democratic policy; and yet 54 per cent expect Mr Mitterrand, if re-elected, to pursue a left-wing policy.
Uphill struggle, Page 14

**EC** inquiry likely into

**Rover-BAe** 

proposals

By William Dawkins in

THE European Commission is expected to launch a formal inquiry within the next week into UK Government plans to write off substantial amounts of the state-owned Rover Group's debt as part of its proposed takeover by British Aerospace.

The UK formally notified the commission on March 14 that the

Rover sale would involve some kind of state aid and is waiting for the outcome of talks between the companies before giving details. Until then, the commission is reserving its position.

Almost all state aid from EC Governments has to be vetted by

will be a request for other mem-ber states, Rover's competitors and others affected by the deal, to put their case to Brussels, usually within a month.

The investigation is likely to continue past the April deadline the British Government has given Rover and British Aerospace to conclude their negotia-tions. Rover's case is the latest example of state aid for the car indus-

try to be scrutinised by a com-mission wedded to introducing competition to the sector and encouraging the removal of over-Last year, Brussels insisted

that the UK Government should scale back debt write-offs for Leyland Vehicles during the com-pany's takeover by Daf Trucks of the Netherlands. Commission competition offi-

cials are examining a French Government plan to write off FFr12bn (\$2.09bn) worth of That is less than the figure of

more than £3bn (\$5.49bn) suggested as being considered for Rover, a far smaller company than Renault. The commission is also investigating what it believes might be the artifically cheap price Flat paid for Alfa Romeo in 1986.

Opec calls for

talks on cuts Continued from Page 1

cut from some members of the oil cartel and from non-Opec producers to bolster prices towards Opec's \$18 official level.

reducing output by a total of up to 1.5m barrels a day.

Abbey National, Britain's most profitable building society, has hare Price relative to the stepped onto the launch pad for a public flotation, and a very fine sight it makes. With £26.4bn of assets it has a bigger UK busi-ness than all but NatWest and FT-A All-Share Index ness than all but NatWest and Barclays: its stock market capitalisation should put it on a par with Lloyds and Midland: and as could be expected from a building society, it boasts as clean a balance sheet as any of the world's top 100 banks. The only problem is that it might fall into the same trap as the TSB Group, which went public in 1986, raised far more money than it needed, and promptly spent it on buying overpriced merchant banks, fund management companies and the

THE LEX COLUMN

Abbey gets the

greedy habit

the Eagle Star treatment of unrealised gains.

Oct 1987 Jan

management companies and the like, with the result that its

shares have performed miserably

bonanza effect to first time share-

gible assets, Abbey's £1.1bn of

reserves are quite clearly owned by its 6m customers. The sim-

the future needs of our mem-

bers", but the real reason proba-bly is that it does not want to

give away the society to its own-

ers without resping some extra benefits. Assuming that Abbey

tiple. Since then, corporate sector

earnings have enjoyed a remark-able period of sustained growth,

but BAT's 1987 profits and earn-

ings are still down on their 1984 peak. Sterling has risen in the

combination of currency and the

October crash knocked £300m off

last year's profits total; but other overseas earners have grown

despite sterling, and the crash did less harm to the profits of

insurers who do not subscribe to

commands a stock market cap talisation of £2bn, these benefit

**BAT Industries** 

ever since.

Abbey National is surprisingly. Provided the dollar does not end this year materially higher than last, the period of flat earn-ings should finally be over. As to dividends, BAT can justly point confident that it will not make the same mistake. Whereas the TSB was owned by nobody and had to raise very substantial sums in order to dilute the to cash flow rather than earnings as the source of growth, exempli-fied by the 18 per cent rise in holders who gained the benefit of its £874m of pre-flotation net tanpayout announced yesterday though the Farmers deal, should it go through at the current offer price, would account for more than three years' cash flow.

plest, and most honest course, would be for Abbey to provide its customers with shares via a scrip issue and forget any ideas about raising extra capital. Unfortu-At 464p, and assuming profits this year of just under £1.6bn, the p/e is now a third below the mar-ket average. The true BAT enthu-siast will say the stock deserves a nately, Abbey is unlikely to pass up such a golden opportunity to tap the capital markets.

The official reason is that it will need the extra cash to "meet market rating, but it seems safe to rule that out for the near future on grounds of currency exposure and the threat of prod-uct liability on tobacco. The question, as always, is how big the discount should be; if Farmers is secured and sterling stays stable, it might narrow to 25 per cent or so, but might be hard pushed to

### Perhaps the market is not so stund after all. Back in 1984, it was thought ridiculous that BAT's shares should trade at a third of the average market mul-Woolworth

The Woolworth share price has outperformed Dixons by 80 per cent since the crash, and yesterday's results told why. While Dixons has blamed the economy for its troubles. Comet has quietly demonstrated that progress is possible even in a market that is overstocked and crying out for which entered the downturn ready for expansion, was naturally going to be the worse affected of the two, Comet's experience suggests that much of Dixons difficulties are of its own

However, Woolworth's results were not an outright triumph for the team that fought off Dixons last year. Indeed the company must regret having made such a fuss about the "Focus" scheme for FW Woolworth, as the volume growth hoped for then is not coming through. While the pres-ent strategy of shrinking FWW to redeploy space more profitably elsewhere makes much better

sense, it is also a humiliating climb-down.

Meanwhile, it may be no coincidence that Woolworth, one of the more defensive companies in the sector, is so outspoken about the tougher times ahead for all retailers. Not only are paints. hampoos and sweets fairly well protected from the dreaded wealth effect", but Woolworth's relatively low expenditure on refurbishment should leave it with a lowish cost base when the consumer spending boom ends.
In all, the 9p fall in the shares to 285p yesterday seemed a little harsh. Perhaps the purists were offended by the treatment of the 25m cost of putting Superdrug into Woolworth stores as exceptional. But as an equally good case can be made either way. Woolworth should not be chastised, especially as other retailers would do well to copy its clean accounting policies.

**Brierley Investments** Sir Ron Brierley may be enjoy ing himself hugely tweaking the tail of Mr Robert Holmes a Court over Bell Resources, but in the meantime the business of searching for undervalued assets goes on apace. In the event, Sir Ron did not have to look far for his latest \$1.2bn bid target: CalMat was already 19 per cent owned by industrial Equity (Pacific) Ltd, whose parent is Brierley Invest-ments. But though the company may be familiar to Sir Ron, his prowess at the US-style bid battle is so far untested; having cut his teeth on contested bids in the UK, he may wish to try them out in a tougher arena.

He does, of course, have plenty of company on the US aggregates bandwagon, which seems to gather speed by the day. But one can be forgiven for wondering whether Californian cement really holds all that much fasci nation for Sir Ron: the size of the bid, and the absence of detail may suggest that he is more interested in a quick turn than in owning a West Coast gravel pit.

# Tuning in to the democracy hot line

Robert Thomson reports on events likely to dominate China's National People's Congress

democracy, the National People's Congress, with delegates includ-ing a Hong Kong television star and a singer from the south, begins its season tomorrow in Peking with the promise of unscripted debate and unexpected plot twists that will prove the Communist Party no longer

stage-manages the masses. We are told that a delegate from a remote Tibetan village travelled by helicopter to ensure that he would be there to do his bit for democracy, while the state-run television station has resources to a single event. All this for the National People's Congress (NPC), the parliament long regarded as little more than

a rubber stamp.

The emphasis on public participation — newspapers will have democracy hot lines for reader responses to televised debates reflects the present leadership's passion for populism, a passion that is partly a reaction to the party's past alienation of the common person and partly a reflection of fears that the Chinese people are losing their enthusiasm for change. In particular, the party is concerned that the grand reform plan has been devalued by inflation, which Chi-

nese researchers say is now about 10 per cent, although the actual figure could be double found openness that the major personnel changes to be approved by the NPC have been common knowledge for weeks, and that the legislation under considerseveral months or more. Appropriately enough, a new secrecy law will be discussed, and, if passed, information published in

be "secret."
Sections of the work report to be delivered by Mr Li Peng, the acting premier, have already leaked out. He will apparently reintroduce a character called the "new socialist man," who is

Continued from Page 1

and Credit Clearing Company.

Continued from Page 1

Key sections of the US Compre-

World Weather

UK mutual to go public

this month it launched an inter- markets, Sir Campbell said.

growing criticism from Washing- No US company was bidding ton, in particular that Japan, for the Iscor contract but several

which has overtaken the US as European companies are compe

South Africa's biggest bilateral ing hard for the 14 contracts to

trade partner, has taken advan- supply plant and equipment for tage of US disinvestment and the new mill which will turn out

Mitsubishi drops bid

local newspapers will no longer





high quality strip steel, much of

which is currently imported.

Jobs for the boys: Li Peng (left) is probably in, but Li Xiannian almost a renaissance man, and is more complex than his "conser- Significantly, Mr Zhao Ziyang certainly less revolutionary than vative" tag suggests, although it took the gloss off Mr Li's work the previous "new socialist man" is true that his emphasis on the report by making a major policy envisaged by Mr Mao Zedong, the "rule of law" was more to do statement himself at the weekformer leader. Mr Li's model is with giving criminals hefty all end. The upbeat Mr Zhao emphasis of the statement himself at the weekformer leader. Mr Li's model is with giving criminals hefty in developing a little of the statement himself at the weekformer leader.

envisaged by Mr Mao Zedong, the "rule of law" was more to do former leader. Mr Li's model is with giving criminals hefty jail sentences than in developing a sentences than in developing a sentences than in developing a sentence than in developing a sirely independent legal system.

If Mr Li is not confirmed as premier during the sitting, then defence and the People's Bank, are likely to get politics than meets the eye. It will also be a surprise if Mr Yang. In new leaders — there will be new dent and Mr Wan Li, a vice-premier, is not chosen as the new jet matter telling long-serving his bureaut is consolidate the gains made of abolishing ministries, the NPC western dishing ministries, the NPC will be negled. As such, the changes will consolidate the gains made of abolishing ministries, the NPC western dishing in the largely ceremonial post, although President Li various power generation and the "wang will related resource departments will be merged with the State Known to ordinary Chinese as the rewell be brought to generate the ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The ministry of radio, film and about his retirement. The state expension will probably be a bankruptcy law, now watered is control from the IlK care industry. He would not discover the film of the leadership reju

the problem by introducing more subsidies all round, but that would be a setback for a price reform programme designed to trim subsidies, and would be a budget burden — total subsidies already account for 25 per cent of

government spending.
It is understood that Mr Zhao Ziyang, the party general-secre-tary and Mr Li Peng disagree on the acceptable level of inflation. Mr Zhao apparently thinks that 8 per cent is fine, although Mr Li will not accept more than 5 per

cent, and wants policy to be adjusted accordingly.

rejuvenation drive — Mr Li is China's boom industries, will be ble factories will not close, but only 79 — but them Yang is a given almost complete autonomy will be taken over by other, more close and trusted friend of Mr within the new structure. At successful enterprises which least four powerful investment agree to buy the assets and to ban or alter state subsidies "not least four powerful investment agree to buy the assets and to ban or alter state subsidies "not compatible with the common tives from several ministries, are delegates will also be asked to market." It can allow state aid for likely to be established to allo give province status to Hainan social reasons, to remedy serious extends to variously as economic upsets or where common interests are at likely form the political past, and is reportedly NPC sittings, viewers will see Sea site of further proposed annoyed that his political future that the most compressions will not close, but here over by other, more has been curtailed. Mr Peng is far in the country is inflation. The reform.

Article 93 of the Treaty of Rome gives Brussels power to ban or alter state subsidies "not compatible with the common market." It can allow state aid for social reasons, to remedy serious economic upsets or where common tupsets are at stake, among other special cases.

The first step in the inquiry will be a request for other members at the political future that the most completions.

# US banks balk at securities bill

est-bearing current account Though building societies scheme, and from June this year could now raise subordinated will be a member of the Cheque debt - long-term borrowing on Abbey National's move would expensive than the issue of give it greater flexibility in the equity by a limited company. business but far more restricted powers than those suggested in rival legislation tabled by the Senate Banking Committee.

> The bill would allow banks to underwrite and deal in commer to work out a compromise cial paper, municipal revenue sion for Congress to enact. bonds and asset-backed securi-

It would not, however, allow banks to underwrite corporate debt, equity and mutual funds.

hensive Anti-Apartheid Act authorise President Ronald Reagan to limit imports of any foreign product or service from a country which takes advantage of US disinvestment or sanctions.

According to Japanese Finance Ministry figures, Japanese Finance Ministry fig US banks are currently barred from any of these activities under the 1933 Glass-Steagall Act which strictly separates the business of banks and securities houses and which most regulatory agencies, including the US Federal-An even tougher Bill, pres South Africa's biggest trading. Reserve, want repealed.

ented by Democrat Representa- partner has led to policy differ tive Mr Ron Dellums, is currently ences between the Japanese Forbeing debated in Congress and is eign Ministry and the powerful expected to increase the pressure on third countries like Japan. Industry (Miti). The bill published yesterday is sponsored by Congressman Fernand St Germain, Chairman of the House Banking Committee, and Congressman Chalmers Wylle, the ranking minority member of the committee.

Described by one person close to the legislative process as "the banks' worst nightmare", it con-stitutes only a limited modifica-tion to the act rather than repeal company, including a banking In contrast, the bill sponsored by Senator William Proxmire and approved by the Senate Banking Committee earlier this month would, step-by-step, dismantle the existing barriers.

After intense negotiations, the agents. Senate committee came up with a The St German-Wylie proposals compromise which would allow will probably receive their first lation were enacted.

The US House Banking Committee yesterday published proposed required to vote in 1991 on legislation which would give whether banks should be allowed to underwrite corporate equities.

> If the Proxmire bill were to be passed by the Senate and the St Germain-Wylie bill passed by the House of Representatives, a conference would have to be called to work out a compromise ver-Many in Washington think this

ties, including mortgage-backed situation is quite likely and express the view that the hard-line nature of the House Banking bill is meant to give Mr St Germain a strong negotiating posi-tion in any conference. The proposals published vester

day make provisions for signifi cant "firewalls", separating a bank from its securities affiliate, and include a clause which would impose "substantial civil and crininal penalties" for violations of firewall provisions.

The bill also includes a clause prohibiting the 35 largest bank bolding companies and securities firms from merging and proposed regulations barring a bank and its securities affiliates from sharing the same name or logo, the same location and advertising.

It would, if passed, prevent any subsidiary, from engaging in insurance activities with certain

It would also prohibit federal bank regulators from expanding banks' powers to act as property

banks to start underwriting cor-porate debt issues and mutual Committee next week or after the funds six months after the legis. Easter Recess which runs from

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Seven non-Opec producers in particular have been suggesting that the cartel join them in

Mr Mehdi Varzi, analyst with UK stock brokers, Kleinwort Grieveson, said there was no need for cuts on this scale, since Opec had already reduced production significantly this year.

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trusts, three aiming for capital
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European Growth   International Growth	

Mr Grasso, 41, will be formally meeting. In this new role, he will report to Mr John J. Phelan Jr, NYSE chairman and chief executive officer. Mr Grasso is currently NYSE executive vice-president, capital markets, and a member of the Exchange's man-

gement committee. He will succeed Mr Robert J. Birnbaum, who has been president and chief operating officer at the NYSE since 1985 and will

baum has been a valuable asset to the New York Stock Exchange during one of the most turbulent periods in its history. His many years of experience in operations and extensive knowledge of securities industry issues contributed and one-third by the Amex.

The will oversee operations of the New York Futures Exchange, and remain a director of the Securities Industry Automation corporation, a joint venture owned two-thirds by the NYSE and one-third by the Amex. significantly to the NYSE's ability to operate smoothly and effi-ciently during the October mar-

Before joining the Amex in remain in office until the end of May when his contract expires.
Having served for eight years prior to 1985 in the same posts at the American Stock Exchange and the Exchange Commission. At the (Amex), Mr Birnbaum said that

New York Stock Exchange has other interests and opportunities, on securities markets.

designated Mr Richard A. Grasso He expects to join the boards of In June, Mr Grasso will assume as the next president and chief several corporations, and is discreporating officer, and a member of the board.

Mr. Stock Exchange has other interests and opportunities on securities markets.

He expects to join the boards of In June, Mr Grasso will assume responsibility for the operation of operating officer, and a member of the board.

Stock Exchange has other interests and opportunities. On securities markets.

Mr Phelan said: "Bob Birn-baum has been a valuable asset to the New York Stock Books, policies, futures, market data, regulation and automation services. He will oversee committees of

During 20 years with the NYSE, Mr Grasso was promoted to various executive posts before dent, capital markets in 1986. "Dick Grasso has a wealth of experience in the securities industry, and a first-hand working knowledge of all aspects of our operations," Mr Phelan said.

"He has been instrumental in the development and implementation PAN AM, the financially troubled tures group which last week upgrade of these systems to announced a \$2.5bn leveraged buyout of AS and has been resistant and chief financial officer, a post not filled for several years of the NYSE's automated trade joined a unit of AS in 1960 as an can corrently process 225m.

"At this critical juncture in our

dent and chief financial officer, a joined a unit of as in 1500 as an insurance manager.

Mr Francis, 55, will hold the same positions at the company's Pan Am named Mr Peter history, as we move towards being able to handle peak marketing. He was most recently senior vice-president and chief senior vice-president and chief the use most recently senior vice-president and chief operating officer of the financial officer of American standard, the US plumbing fix
Standard, the US plumbing fix
marketing and sales at TWA.

"At this critical juncture in our history, as we move towards being able to handle peak demand of the shares a day, it is imperative that the president and imperative that the president, NYSE be thoroughly familiar marketing and sales at TWA.

### Japan Air Lines to fill vacant post of chairman

TOKIO MARINE and Fire Insurance chairman Mr Funto Watanabe has been designated for the chairmanship of Japan Air Lines (JAL), the national flag carrier, a JAL spokesman said, filling a post that has been left vacant since March 31 last year, reports Reuter.

Mr Watanabe's appointment is expected to be approved at a JAL general meeting of shareholders in June, at which time he will resign his position as chairman of Tokio Marine and Fire, the spokesman added.

Mr Junji ito, JAL's previous chairman, resigned last March after some of his attempts to restructure the company to Insurance chairman Mr Fumio

restructure the company to prepare for full privatisation met with opposition from within JAL, parts of Japan's ruling Liberal Democratic Party and the Ministry of Transport, JAL sources said. Transport, JAL sources said.
On last November 18, legislation rescinding the Japan Air Lines Law, which had given the Japanese Government considerable control over

he company, became effective. On December 17, the Government sold its 34.5 per cent holding in JAL, making it a fully private company.

# Leadership changes at Litton Industries

CHANGES IN the leadership of equipment group. He left the Litton Industries, a technology-based US company providing advanced electronic and defence systems, industrial automation systems and geophysical services to world markets, are planned for

the end of this month Mr Fred W. O'Green, 66, intends to announce his retire-ment as chairman at the company's regular board meeting on March 31, but will continue as a member of the board of directors and of its executive committee.

Also at the meeting, the board plans to elect: Mr Orion L. Hoch as chairman; Mr Roland O. Peteras chanman, Mr Notatin O. Peter-son as president, chief operating officer and a director; and Mr Joseph T. Casey as vice-chair-man, a new position, and chief financial officer.

financial officer.

Mr Hoch, 59, is currently president and chief executive officer, and will retain the latter responsibility. Mr Peterson, 56, is a Litton senior vice-president, while Mr Casey, 56, is an executive vice-president and chief financial officer. Both Mr Hoch and Mr Casey are members of the board's executive committee.

executive committee.

Mr O'Green has been chairman since 1981, and was chief execu-tive from 1981 to 1986. He joined Litton in 1962 and held various executive posts before being elected president and chief operating officer in 1972.

Mr Hoch began his Litton career in 1957, and by 1973 had climbed to the post of deputy head of its business systems and

dential post elsewhere, but returned to Litton in 1962 as president, chief operating officer and

Mr Peterson has been group executive for Litton's compo-nents and industrial products group for the past two years. He joined Litton in 1960 as a project engineer. He had risen to a corporate senior vice-president by 1982, and he became group executive of the navigation, guidance and control systems group from 1983

to 1986. Mr Casey joined Litton as corporate controller in 1963. He has been chief financial officer since 1967 and executive vice-president since 1976. He was elected to the

FIRST CHICAGO, parent of First National Bank of Chicago, the 11th-largest US bank, has reshuf-fled executive responsibilities at its Global Corporate Bank unit following the resignation of Mr William Moeller, former head of the unit's North American Bank-

ing Group.

Mr Leo Mullin is the replace ment for Mr Moeller, who has left after seven years with First Chi-cago to join Southeast Bank, in

Mr Alan Delp, after heading the Global Corporate Bank's Asia/Pacific division, has been named as successor to Mr Mullin

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Union Bank of Norway

# **Accountancy Appointments**

# **GROUP FINANCIAL**

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financial reporting worklwide, handles tax matters and acts as coordinator of group funding. Systems are computerised and there is a small staff.

Candidates must be mature qualified accountants, preferably graduate chartered, with experience of operating at the centre of a diverse, widespread group. This is a challenging role, requiring the ability to achieve results and the potential to develop with the group. The post offers a good range of corporate benefits. Please write in confidence with full career and salary details, quoting reference \$7927 to John W. Hills.

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operating companies. Candidates will be qualified accountants (preferably chartered)

management of a sizeable department · with extensive experience in a senior finance role.

The compensation package will include normal big company benefits and will reflect the level of this

appointment. Please send a comprehensive CV in confidence quoting reference MCS/6122t **Executive Selection Division** Price Waterhouse Management Consultants

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ment's use of information provided and the standards of financial reporting to the group. Your application is invited if you are a professionally qualified accountant with a breadth of commercially orientated financial management experience in medium to large

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**KPMG** Peat Marwick McLintock Executive Selection and Search

# European Financial Controller

(German speaking)

London

c.£35,000 + car

Major division of quoted service based group seeks a Financial Controller to assume full functional responsibility for its European operations. Salary c£30,000 plus substantial profit related bonus. Preferred

Candidates will be qualified accountants with successful experience of heading up the finance function in a significant profit centre in commerce or industry. Finent conversational German is essential, as are high technical competence and the ability to deal effectively with senior management in Western Europe.

For a full job description, please write to WT Agar at ohn Courtis & Partners, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting 2282/FT. Both men and women may apply.



### **ESSEX ACCOUNTANCY APPOINTMENTS**

GROUP ACCOUNTANT/FINANCIAL DIRECTOR DESIGNATE

\$25,000 + Be Young dynamic Qualified Accountant, with a minimum of 3 years post qualification (commercial) experience required by tast expanding private office products group, who are 2/3 years from usm/stock exchange flotation. The successful candidate will be responsible for the group accounts department, reporting to the Financial Director. Excellent promotion due in part to the Financial Directors own ambition

DIVISIONAL ACCOUNTANT Finalist/Qualified Accountant experienced in producing budgets forecasts, cashflow etc required by a leading company, for new and existing projects to be assisted by a financial analyst. The right applicant will have a minimum of 4 years experience within a commercial environment, including familiarity with computers. Future prospects excellent.

### ACCOUNTANT

An experienced Accountant required to run accounts department of UK subsidiary of International company. Reporting to the Managing Director, the suitable applicant must have sound computer experience and the confidence and ability to implement and develop a new system.

ASSISTANT ACCOUNTANT Young ambitious Accountant, currently moving towards qualification, required to report to Financial Controller in a Chemical Company. The successful applicant will be involved

VENTHAM EMPLOYMENT LIMITED SPECIALIST IN ACCOUNTANCY

in all espects of day to day operations and month end routines

and will anticipate taking over from the Financial Controller, who will also be promoted in the not too distant future.

Contact: Sandra Beale, Apsley House, Waterloo House, 0245 492288

Dawn Benoy, Warren House, 10-20 Main Road. Hockley, Essex SS5 4RY 0702 204303

### HIGH FLYING ACCOUNTANTS

27 to 33 £High + Equity + Car We offer the opportunity to help build a truly outstanding management consultancy. We handle Business Strategy, Acquisitions and Disposals, Corporate Finance, Financial Management, Recruitment and Data Processing assignments for major clients, from our London office. Within two years you will have acquired an equity stake and earned a directorship.

You will have to demonstrate entrepreneurial flair and are likely to be a graduate, chartered accountant. Experience as financial director or controller of a business would be ideal. Previous involvement with acquisitions and fund raising is partially relevant. Current data processing experience would be a useful bonus. Exceptional career achievement to date is more important than previous consultancy experience.

We want an achiever who is hungry for success, highly commercial, enjoys hard work, and a good communicator. The management style is entrepreneurial and demanding. A company car will be provided, and tangible results will be rewarded

Please write to convince me that we should meet, enclosing a CV and making sure you state your current salary and a daytime telephone number:

Barrie Pearson, Managing Director, Acre House,

67/76 Long Lane London WC2E



### **JOHN SWIRE & SONS LIMITED**



### CORPORATE TAX

This major international Group is seeking a tax orientated accountant for this varied and interesting appointment at its Head office, which is relocating to the Victoria area in June.

The successful applicant will need to have some tax experience and the character, ability and perception to fit in effectively with a small head office team. Primarily a U.K. role, but with some exposure to the Group's international operations, the responsibilities cover with ad hoc projects, which could require some travel.

A competitive salary, commensurate with age and experience, plus a car is offered. The Company operates a subsidised mortgage scheme, a bonus scheme and provides excellent pension benefits.

Write in confidence to:-

J.C. Brodie, Personnel Manager, John Swire & Sons Ltd, Regis House, 43-46, King William Street, London EC4R 9BE

CORPORATE RECOVERY INSOLVENCY SPECIALISTS

### COOL LOGIC

How did a carrot, two humps of coal and a praddle of water make their way into the centre of a grassy field? Of course, the real question is, how do you approach problems of logic? At Peat

Marwick McLintock the right answer is with lateral thinking, an inquisitive nature and cool logic. Because that's exactly what you'll need as a member of our Corporate Recovery practice.

As the UK's largest firm of professional accountants, we're expanding our share of this specialist market.

Which means we're looking for bright individuals at all levels to form new teams working along-

side our existing professionals.

Unlike many other large firms we work in small teams - provicting a stimulating environment where individual talent is recognised, encouraged and rewarded. Whilst our

size provides the widest variety of interesting assignments plus the scope for real development,

So, whatever your depth of experience - come and explore the prospects with us by writing with full c.v. to Tony McMahon, Peat Marwick McLintock, 1 Puddle Dock

Blackfriars, London EC4V 3PD. Tel: 01-236 8000.



# FINANCE DIRECTOR

For Newly Acquired Subsidiary 28-35 Rural Oxfordshire Min. £40,000 package + car

Over recent years our client has become a high profile pic which, through a bold acquisition, policy and internally managed growth, has achieved an ongoing tumover of over £300 million – with corresponding profits, it has also established an enviable reputation by its innovative style of management and its positive marketing strategy.

The group is currently completing the acquisition of a business of high potential that already has a turnover approaching £40m, operating from several manufacturing locations and headquartered in rural Oxfordshire. It has an easily identifiable product range which is targeted principally at the domestic market place and sold through the High Street.

developed substantially. It is within this environment that an opportunity has arisen for a high calibre Financial professional to come in at the start of the next vital stage of the regard country's history. This will enable you to stamp your authority, personality and expertise on an enterprise with exciting potential for escalating profitability and professionalism.

You will be required to reappraise comprehensively the financial and commercial disciplines, implementing sophisticated controls and setting ambitious new standards of performance. You will almost certainly need to strengthen your department with quality personnel. Working with the Managing Director, you will be a major contributor to the executive team, providing fresh input to day-to-day management, strategic planning and the long-term development of business.

You will be a talented energetic, graduate qualified accountant, with a successful track record in industry or the profession. You will have excellent inter-personal skills, an assured manner and commercial flair.

The rewards are planned to match the considerable challenge of this position, while opportunities for further advancement are excellent. Relocation expenses will be paid where necessary.

chect Dudley Harrop or Laurence Barnett at our Manchester office quoting sel.



Eagle Buildings, 64 Cross Street, Manchester M2 4IQ Tel: 061-834 0618

Trident House, 31-33 Dale Street, Liverpool L2 2HF Tel: 051-236 9373



### inancial Director

North Manchester

c.£25,000 + Car

Our client a subsidiary of a major PLC is seeking a pro-active Finance Director, with strong commercial awareness to assume full financial responsibility for 4 operating units (t/o £17m) involved in the design and manufacture of a wide range of electrical and electronic products and components.

Reporting to the Managing Director the position requires a qualified accountant with a minimum of 5 years post qualification experience, gained within an

Possessing excellent communication and man management skills combined with a broad based accounting background, and a proven track record in systems implementation and development, you will be an innavative professional ready to take the challenge offered by this highly demanding and

Together with an attractive remuneration package our client offers outstanding opportunities at divisional and group level to an ambitious and highly motivated individual.

In the first instance please send a full career resumé including salary and a day time telephone number to: Linda McConville, Divisional Managing Director,

# Robert Armstrong & Company

Management Selection Consultants No 1 Central Street, Manchester M2 5WR. Telephone: 061-236 0541

► A member of THE BURNS-ANDERSON GROUP PLC ◀

# Insurance Business Analyst

### C.£23,000 +Mortgage Assistance

of insurance to join the financial management team of the insurance & Funds Management businesses of a large broadly based Financial Services Group.

The Business Analyst has an interesting and challenging role which

includes responsibility for the review and analysis of strategic plans, financial plans and budgets; monitoring and review of actual performance; analysis, control and review of capital projects; preparation of the relevant board papers and major ad hoc financial projects. There will be regular work in and close involvement with the insurance businesses and top level financial management at Headquarters. There are very good prospects of promotion throughout the Group.

Applicants should be young qualified accountants aged early to mid 20's,

with the ambition to pursue a career in the financial services sector. Experience of the insurance sector through audit or direct employment is required. Location—City.

Please reply in confidence quoting Ref. L359 to:

Brian H Mason, Mason & Nurse Associates, 1 Lancaster Place, Strand, London WC2E 7EB. Tel: 01-240 7805

Mason & Nurse Selection & Search



**ENSERCH** international Audit

Accountancy Personna 106 Baker Street,

NEWLY-QUALIFIED ACCOUNTANT

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Insteading opportunity is offered by a major international energy group. The
impany's interests include oil and gas distribution, exploration, engineering and

You should be a graduate, qualified Chertered Accountant, ideally knowledge of Europeän-languages, and with strong technical and Excellent prospects are envisaged and a generous package includ



**FINANCIAL CONTROLLER** 

uties will include the control of all financial and plan reliability for a staff of 12. Reporting to the Managing Director, the successful ant will be a member of the Policy Group, have strong systems development

ing Ignowledge of U.K. Corporation Tex proced

**Tudor Grange Properties PLC** 

**GROUP ACCOUNTANT** 

c£24,000 + Benefits

also mis with immense notantial for a Qualified Accountant, is suitable

ent stage plus plans for 3,000 residential units over the next three yea ervision of staff and general administration of the

43 Brompton Road, Knightsbridge SW3 1DE Mt 01 581 5021



COMPANY ACCOUNTANT

only for applicants welcoming a golden opportunity to join this young forward moving

ed accountant for its Head Office. counting system, preparation of monthly management accounts,

£22,000+Car+Benefits

ennual accounts and group returns, with involvement in a number of adm further development of the accounting function and to communicate aff levels. Ref: KP/BC

# **Directing our success**

Finance Director -- £30,000 to £35,000 + Executive Car

This young and innovative company provides a credit card facility for customers of one of the largest retail groups in the industry – comprising a range of well known high street stores.

As part of the policy making team, you'll need the business acumen to make a major contribution to the future direction of the company. Commercially minded, highly credible and with excellent resource management skills, you will be at the head of Finance, Treasury and a large banking and voucher processing function.

Co-ordinating the production of detailed MIS, annual business plans and forecasts and other financial planning proposals, you'll need to be adept at controlling a process of an-going change, development and financial innovation, since your function has a dynamic influence on the commercial policies of the company. You must be PC literate, preferably with a background in banking, financial services or possibly a retail environment.

In addition to your salary and car, you will be offered an attractive benefits package appropriate to this level of appointment.

Please write with full CV to: Tracey Collinge, Junioer Woolf & Partners Limited, 22 New Concordia Wharf, Mill Street, London SET 2BB.



Nes

SEARCH & SELECTION RECRUITMENT ADVERTISING

# FINANCE DIRECTOR

North West England c. £28,000 plus car, plus bonus

Our client, an American owned engineering company, is a leader in its field with a high, worldwide reputation and considerable growth potential.

The finance director will report to both the UK managing director and the American parent on all financial performance matters and will be extensively involved with the board in general business development projects.

Preferred applicants will be qualified accountants who have held senior financial control positions within manufacturing industry. Prior experience of working for an American owned company will be beneficial as will extensive experience of . developing an already highly computerised operation. It will be essential for the successful applicant to live in or relocate, with assistance, to the north west.

In the first instance, please send brief personal and career details, in confidence, to Douglas G Mixon

Ernst & Whinney

**Executive Recruitment Services** Becket House, 1 Lamberh Palace Road, London SE1 7EU

### FINANCIAL CONTROLLER **LONDON NW** SALARY £18k neg.

The company is a member of a fast growing quoted group of companies engaged in business publishing, conferences, and communications, with a turnover of over £50 million.

Working closely with the Managing Director the Financial Controller will not have a number crunching role, but will be responsible for all aspects of financial control, participating in the management of the business, playing a full part in the senior executive

In particular the responsibilities will include:

financial management; commercial perspective, financial investigation and budgetary control, and responsibility for accounting requirements under the FSA.

Candidates should be recently qualified in a recognised accounting qualification, and preferable with experience in publishing and/or mail order.

If you believe you have the experience and drive required for this position please send your curriculum vitae, including your day time telephone number to:

Rosemary Grant, IBC Ltd, 56 Holborn Viaduct, London EC1A 2EX



### COMPUTER INSPECTOR

The Riyad Bank, a leading Saudi Arabian Bank with a domestic network of 149 branches, is in the process of implementing new and sophisticated computer applica-

Distributed processing using local area networks of IBM PCs, linked via an SNA network to IBM 3090s running under MVS/XA, together with the extensive use of DB2, provides the technical environment into which we will be looking to recruit a Computer Inspector to augment our existing team Operating within the Bank's Inspection Department, the successful candidate can expect to undertake a variety of projects ranging from the review of application developments and production systems through to detailed technical reviews of data centre operations and system software.

To be successful in this demanding role, candidates should have a sound technological background, preferably having spent a number of years in a systems development enviroment, and have a minimum of two years experience in a computer audit or a computer security role. Banking experience would be a definite advantage.

A fully competitive package, including free accomodation will be offered to the candidate with suitable qualifications, experience and adaptability.

Envelopes should be marked Computer Inspector and addressed to:

The Assistant General Manager (Personnel)

Riyad Bank, Head Office P.O.Box Jeddah-21431 Saudi Arabia

# **CHALLENGE MATCHED BY REWARD** FINANCE MANAGER

### **South West London**

£25K + Car + Benefits

With a turnover of S80 million, this FMCG organisation operates throughout the UK and is a subsidiary of one of Britain's foremost blue chip corporations. It has undergone substantial rejuvenation over the past 12 months and is an industry leader in its field. Due to internal promotion, they are currently seeking to appoint a dynamic Finance Manager. Reporting at senior level you will be closely involved with the Board of the company and inter alia be responsible for:-

Systems and MIS enhancement Management of financial reporting including supervision of 26 staff

This is a high profile position within a growth-orientated, multifaceted and progressive organisation. Accordingly, you will possess a first class track record, gained from industry or the profession, coupled with outstanding communicative skills and business accuraen.



SUM

For the right candidate excellent career prospects will be available across the group as a whole. A highly competitive compensation package will comprise a salary of \$25,000 and will be supported by the benefits to be expected from a major employer.

# Interested applicants should send a full CV, quoting reference Al 15, to Simon Hewlit or Mark Norton at Mervya Hughes International Lid., Management Recontinuent Consultants, 63 Mansell Street, London El 8AN. Telephone: 01-488 4114.

# Financial Accountant

Salary neg to £28,000 + car North West

Girobank pic is an established UK Clearing Bank with a substantial growth record in both the corporate and personal banking markets. The bank has an annual income of £350m, total assets in the region of £1.7 billion and employs over 6.000 staff.

We are seeking to appoint a Financial Accountant to be responsible for the day to day financial accounting activities of the bank, both within its main processing centre at Bootle, Merseyside and its London based banking/treasury operation. Reporting to the Chief Accountant, major responsibilities include the production of both monthly and statutory financial

accounts and Bank of England returns. Candidates for this position will be qualified accountants (ACCA/ACA) preferably in their 30's who have gained several years experience of banking or the financial services sector.

They will have well developed management and technical skills combined with experience of sophisticated computer based accounting systems.

Commencing salary is negotiable to £28,000: further performance related salary progression is possible. Benefits are in keeping with the importance of this position. Assistance with relocation to within reasonable daily commuting distance of the Bootle base will be provided where necessary. The position requires frequent travel to London.

Please reply in writing outlining career, salary progression and how your skills and experience match the requirements of the job to: Paul Wildes, Management Appointments Manager, Girobank plc, Bridle Road, Bootle, Merseyside, GIR OAA. Tel: 051-966 2230.

# **Girobank**

mortgage and pension schemes.

# Write to Box A0880, Financial Tim

**MANAGING GROWTH** 

### Central London

3i Consultants Ltd

Human Resources

SPAIN

Our client is a relatively new fast-growing hi-tech company, with solid institutional backing, servicing a blue-chip client list world-wide. Profitable turnover is about £4M and growing. The Board now wishes to appoint its first qualified Director of Finance & Administration.

The successful candidate will be a computer-literate accountant, probably chartered and almost certainly a graduate, with overall business skills as well as a capacity for detail. Responsibility for the overall administrative management of the company is no less important than that of the financial management. Specific experience matters less than personal qualities we seek a creative, but structured, enthusiast capable of making his or her mark in a high-powered team. Some international travel will be involved. Age probably mid-30s.

### £40K neg Salary negotiable around £40K.

plus profit share. Car. Pension. Share option.

For further details and an application form please telephone Windsor (0753) 867175 (24 hrs) or write with full details to David Mackintosh, Director - Human Resources, 3i Consultants Ltd, 8 High Street, Windsor, Berks SL4 1LD quoting ref: DM/743.



A WEALTH OF EXPERIENCE

# 

Age 26 - 28

### Central London

**Fast Track Senior Management Potential** 

HIGH PROFILE ROLE

Our client, a well known major UK retail organisation, has achieved 12-30 % growth p.a. in each of the last 10 years. This rapid, continuing and profitable growth requires positive commitment and high level commercial skills from its senior management. The finance areas are particularly involved in the overall planning, development and control of this expansion in a market subject to constant change in consumer demands. Additionally, new technology, marketing methods and quality of service and products must be promptly and

effectively incorporated. A reorganisation and internal promotions have resulted in the need for an ambitions Qualified Accountant (ACA/ACCA/ACMA). The main objective of the immediate role (supported by a staff of 13, including several professional, qualified individuals) will be to enhance the provision of management information and advice. This will

neg. c£26,000+ car + excel. ben. necessitate a clear understanding of large company business needs and systems (external or internal audit

Outstanding inter-personal and communication skills, excellent commercial acumen and strong leadership qualities are likewise imperative. Finally, as this is seen as a crucial development role, you must be capable of immediate interface with Senior Management and Directors. You must also have potential for significant promotion to the former level within 15 - 20 months.

If you can respond to both the short and medium term challenge of the role, telephone Karen Wilson on 01-491 3431 ( or 0895 - 633 429 in the evenings) or write to her, enclosing a CV and note of remmeration package, at FMS, 14 Cork Street, London WIX

# **Investment Accountant**

c £25,000 + Car + Subsidised Mortgage

Devon

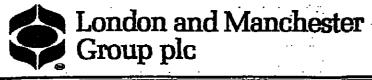
We are a diversifying financial services group with assets in excess of £1.5 billion. Following internal reorganisation, we are seeking to appoint a Manager who will be responsible to the investment Director for providing a high quality service covering the accounting and administration functions which support our fund management and property investment activities.

You will manage a department of 32 and be involved with forward-planning, monitoring and control of staff and systems as well as acting as professional advisor where investment accounting and administration matters are concerned.

You will be a qualified accountant, computer literate and aged 30-45 years with experience in a comparable role within the financial services or securities industries.

This is a challenging appointment and the ideal move for an ambitious and highly-motivated self-starter who is prepared to make the job their own. Benefits include a fully-expensed car, full relocation, private health care, share ownership, concessionary

Please write with full CV. showing details of current salary to Christine Killoran, Senior Personnel Officer, London and Manchester Group plc, Winslade Park, EXETER, EX5 1DS, or telephone her on (0392) 52155 for an application form.



### **CURRENTLY AUDITIONING: AN INQUISITIVE YOUNG** ACCOUNTANT TO MAKE SENSE OF MEDIA AND ENTERTAINMENT

Deloitte Haskins + Sells Media Group is a team of multidisciplined professionals handling corporate finance, corporate and personal tax, audit and management consultancy for some of the country's leading organisations in broadcasting; cable/satellite TV; film and video production; newspaper, magazine and book

We're looking for a young graduate accountant with up to two years' post-qualification experience to join the Group as part of our growth and development. The role has four broad areas of responsibility:

 Implementing and contributing to the media group's strategy, and administering its budget.

● Supporting clients through research projects, technical advice, and liaison with corporate finance and consultancy.

 Preparing proposals and internal briefings, writing articles and other materials for internal and external publication.

 Developing - and presenting internal training courses. participating in external seminars and exhibitions.

This is a fascinating position to suit a young, enquiring mind. The right candidate will be articulate and selfmotivated, have a proven ability to write and experience in public speaking. As you'd expect from one of the largest accounting and business advisory firms in the world, prospects for self-advancement are considerable.

Starting salary is negotiable around £20K plus benefits. which will reflect experience to date.

Write in the first instance to: George Eccles at Deloitte Haskins + Sells, 128 Queen Victoria Street, London EC4P 4JX

# ..... profitable growth in manufacturing Financial Director

### Norfolk

£28,000 + Profit Share + Car + Relocation

Our client, an expanding subsidiary of a prestigious acquisitive Plc, is poised for continued growth in a highly profitable manufacturing sector with sales in excess of £20 million.

We are seeking a financial director to join a strong management team, who, working closely with the Managing Director will have a substantial impact on maximising profit potential, through efficient business planning and strong financial control.

The successful candidate will be: a qualified accountant, aged 28-40; who must have a commercial attitude and be a

confident, determined character, capable of implementing successful change in a manufacturing environment. A practical, 'shirt sleeves' approach will be essential, along with the ability to combine day-to-day involvement with a longer-term view.

If you are interested in this position and are prepared to commit yourself to the continued success of the company, then send your curriculum vitae and daytime telephone number to Jon Anderson ACMA, Executive

Division, 39-41 Parker Street, London WC2B 5LH, quoting ref. 496.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

# **Corporate Treasurer**

### up to £45,000 (inc. bonus) plus car **Thames Valley**

Our clients are a £1 billion plus Group in a modern "high-tech" industry. Dominating their market sector in the U.K. and with a significant overseas presence they are well placed to expand through the 1990's, both by organic growth and acquisition. The Treasurer reports to the Finance Director and is expected to adopt a pro-active commercially oriented role, managing a small department responsible for all aspects of central cash management including financing subsidiaires, foreign exchange transactions, funding acquisitions/capital expenditure and assessing the treasury implications of internal reports and plans. With specialist support he or she will also have responsibility for the group tax function. Applicants must have had treasury experience at a senior level in a major international organisation and should have well-established relationships with the banking community. This experience will probably be supported by a relevant professional qualification and/or degree. Good communication and interpersonal skills are essential for the person appointed since he or she will be encouraged to make a creative contribution to the decision-making process rather than just provide a technical support service. Ref 1658/FT, Write or telephone for an application form or send full details (with a day time telephone number and current salary) to R.A. Phillips, ACIS, FC11, 2-5 Old Bond Street, London W1X 3TB. Tel no: 01-493 0156 (24 hours).



Selection Consultants

# **UK TAX MANAGER**

Bank of America, one of the world's largest banks, is seeking an experienced tax professional to join a small team in its London Tax Office. Responsibilities will include UK, and some European, tax planning, together

with the handling of all UK tax compliance matters. The ideal candidate will be a qualified ACA with at least four years of UK corporate experience, including a norougn know Strong communication skills are essential, as the A.J. Tucker, UK Personnel Manager, Bank of America NT

Bank executives on the text-effective structuring of proposed transactions, and for dealing effectively with the tax authorities on complex issues.

Opportunities for career development are excellent and a competitive salary will be augmented by an attractive benefits package, including company car and mortgage subsidy.

successful applicant will be responsible for advising & SA, 25 Cannon Street, London EC4P 4HN.

# Bank of America:

# **Management Accountant**

... looking to progress

to £24K

A major British company, part of an international group, our clients manufacture and market sophisticated electronic and electro-mechanical products with a modern factory and headquarters in London. Important technical developments in the industry have created revolutionary new products calling for fresh initiatives in marketing, manufacture and finance. You will be Divisional Controller reporting directly to the Finance Director and liaising closely with senior line management. A wide ranging role, responsible for the production and commercial accounts of a major division of the company, you will be managing a small team and using modern computerised systems.

This is an excellent opportunity for an experienced management accountant looking for his/her next step up the ladder. You should be qualified ACMA or ACCA and be able to take on a key position within this substantial company going through a vital stage of evolution.

An attractive salary is negotiable and benefits include pension and life assurance scheme, medical insurance and

Please apply with CV quoting ref: 366/3 to Chris Williams at Charles Barker MSI, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1143.

**CHARLES BARKER** SELECTION-SEARCH-ADVERTISING

### Venture and Development Capital.

Garamore is seeking to recruit two executives to join Michael Walton in the formation of a venture capital team.

A Senior Executive

You will have worked for at least three years in the venture capital industry, and are now in a position of responsibility involving all stages of the investment process and aftercare. You are unlikely to be aged under thirty, and should be capable of becoming a key participant in the development of the

A Junior Executive

Probably a qualified accountant or a business graduate, with expenence of investigations and company appraisals, preferably including the acquisition and disposal of small and medium sized

Funds under Gartmare management already have significant involvement in unlisted investments and Gartmore is seeking to consolidate and expand its venture capital capability. This is an outstanding opportunity to join a small team and to help create a new force in this

Please send full personal and career details to:- Director of Personnel, Gartmore investment

lanagement Ltd, P.O. Box 65, 16-18 Monument Street, London EC3R 8QQ.

### **APPOINTMENTS ADVERTISING**

For Further Information Call 01-248 8000

> Tessa Taylor ext 3351

Deirdre Venables ext 4177

Patrick Williams ext 3694

Elizabeth Rowan ext 3456

Paul Maravigua ext 4676

# Fred. Olsen Limited Chief Accountant

### **Ipswich**

to £25,000+fully expensed car+benefits

Fred Oisen Limited is a privately owned diverse multinational organisation. The UK office, generating c£100 million turnover pa is relocating their operations from Central London to Ipswich and are therefore seeking a commercially minded and dynamic individual to manage their finance function.

The UK Company has commercial responsibility for a range of businesses including cruise holidays and property development as well as their more famous activities of ship and freight

Reporting to a local Finance Director responsibilities will include:

\* provision of financial/commercial advice to management/ Directors.

development of Accounting and Finance functions.
 preparation of financial/management reports.
 Tax accounting and planning.

Excellent interpersonal skills, computer literacy and the ability to

contribute to the business will also be required. A highly competitive benefits package is available including relocation assistance where applicable, staff travel discount and medical insurance as well as excellent career prospects. (Interviews can be held in either London or Ipswich).

development of all EDP based financial systems.
 management of a large professional team.

For further details please contact John Zafar on 0727 65813 or

write to him at Michael Page Partnership,
Centurion House, 136-142 London Road,
St Albans, Herts, AL1 ISA.

Interested applicants should be qualified, aged 28-40 and be able

to demonstrate a successful track record to date, including staff responsibility, ideally within a multinational environment.

Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Noningham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

# **Group Finance** Director

Expanding Banking, Property & Investment Management Group

neg £45–55,000 + Car + Share Option

I LO SERVICES

Executive Selection Division

Our client is a vibrant financial services group based in Knightsbridge with a full Stock Exchange listing and a market capitalisation of around £30 million, actively managed by an experienced and highly-respected

The Company is growing both organically and by acquibeing developed as a broad-based investment banking groat principal and as agent, in the areas of:

• Barking and financial services (through its sui

Finance-led property activities

verst of strategic investments and develop-

This appointment, reporting to the Group Managing Director, will have full responsibility for the financial management of the Group. Key tasks in this area include the continued development of tight financial reporting systems for the Group, its associates and clients. You will also participate in all management and commercial decisions effecting future growth and profitability and play a key role in the evaluation of new business opportunities.

You will be a Chartered Accountant, aged 35-45, of high technical ability, an excellent communicator and motivator, with strong business crientation, who has had both professional and commercial experience, the latter preferably in a modern and efficient group with either City connections or one which has been actively acquisitive. You will have the ambition and determination to make a major contribution to the development of this fast-growing company.



The salary package is negotiable, as indicated, including all usual benefits, not least of which is an executive share option scheme. Please write to Neil Wast, Consultant to the Company, or call him on 01-387 5400 for an initial confidential discussion. Financial Selection Services, Drayton House, Gordon Street, London WCIH 0AN.

### GROUP FINANCIAL CONTROLLER **SAUDI ARABIA** CIRCA £25KP.A. TAX FREE

A major Saudi investment holding company with a wide spectrum of diversified interests requires a Financial Controller reporting to the Senior Vice-President. The duties will include the preparation of Group consolidated financial statements, monitoring the application and adherence to accounting and financial policies in the subsidiaries and affiliates of the Group, and preparing internal financial reports.

Applicants should be qualified Chartered Accountants from an accredited professional body in the UK or North America, with at least five years experience in a similar position with a reputable and diversified holding company, and should be familiar with computer-based accounting and information systems.

A University Degree is a distinct advantage, but not an essential requirement.

The position is based in Riyadh and may require occasional travel within Saudi Arabia.

The remuneration package will include a basic salary subject to negotiations, and fringe benefits including a general allowance, housing or housing allowance, medical insurance and air tickets to the place of original residence on annual vacations. Contract terms are for discussion. Write in confidence to:

O.R.S. Executive Recruitment (International) Ltd. 9 Leicester Street, Northwich, Cheshire, CW9 5LA. Tel: 0606-48668. Fax; 0606-6840. Telex; 665411 ORSINT G

# **Business Finance Manager**

To £22,000 + car

Our client is a major engineering company operating at the forefront of industry technology and with a turnover of c£300m. There are ambitious plans for further growth and to aid this process the company has re-structured to create

Reporting to the Business Manager, you wit be sponsible for the financial performance and comm development of a new £20m turnover business, initial objectives will focus on developing financial systems and controls to assist management decision making. There will be confineing involvement in both short and long term financial planning and investment analysis. In addition, you will have a major role to play in contract evaluation, pricing Cheshire

Candidates will be qualified accountants aged 26-35.
Experience will have been gained in a contract or project engineering environment with significant exposure to manufacturing control systems. In this new post, you will be working in a dynamic environment and you must be able to manage change effectively. You will possess confidence in your own abilities, entirusiasm and a decire to use this ience for further career progression.

Please reply in confidence, giving concise as personal and salary details to: Brenden Keelen, Ref ER969 Arthur Young Corporate Resourcing, Chadel House, 5-11 Fetter Lane, London EC4A 1DH

**Arthur Young Corporate Resourcing** 

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

**executive** 

The subsidiary of an aggressive and acquisitive quoted group, this small hi-tech company has a remarkable record of growth. The development of oversees maniets has created excellent opportunities for the unit, and has led to a requirement for a full-time Finance Director. Taking overall control of the finance function with 4 staff, the role controls group reporting, management eccounting, forecasting, budgeting, cashflow control and systems development. Input to strategic issues will be an integral pert of the position, working closely with the Managing Director to determine the commercial direction of the company. An excellent opportunity for a qualified Accountant, 25-35, with a "hands-on" approach.

As part of its succession planning one of the world's major multinationals require a Chief Accountage for a L50m humover electronics division based in Suffolk.

Reporting to the Divisional Financial Controller the position carries responsibility for all financial and management accounting, the development of financial systems and participation in the plenning process. Candidates will be qualified Accountants (28-34) who have gained a wide range of experience within a manufacturing environment and who have had significant exposure to mainframe and fairro computers.

Initial enquiries to Joan Coulter at Robert Half, Prespost, Walter House, Bedford Street, 418 The Strend, London WCZR OBR. Telephone: 01-836 3545. **Financial Recruitment Specialists** 

### CHIEF ACCOUNTANT/ FINANCE DIRECTOR **DESIGNATE:**

This fast expanding aviation npany, located near Stansted is seeking a qualified accountant to head the finance function. The preferred applicant should have experience within the industry, be capable of supervising the processing of time pressure and will assume executive responsibility for all financial matters. A Board appointment within twelve o £27,500 + car.

Write to box A0866. Financial Times, 10 Cannon Street.

London EC4P 4BY

- benefit

### FINANCIAL CONTROLLER

**Mid-thirties** £30k plus

Our client, a £20m marketing-led engineering company manufacturing and trading internationally, has doubled its turnover over the last three years through a garric growth investment in product design and quality, high levels of service to clients and dynamic management. The average age of the Senior Management team is 40.

Candidates for the position of Financial Controller will not only be professionally qualified graduates with an excellent track record in financial management, but also businessmen or women of very high calibra. Experience of the manufacture and sale of capital equipment and of engineering contracting—preferably to Cornecon and Third World markets — is desiroble.

Salary is negaticable plus banus. Location is a pleasant, historic provincial city. Candidates please write, in confidence, giving details of age, experience, lifications and present earnings, qualing Ref. 1023. Alternatively telephone John Patison as adviser to the company on 0602 41 1238 (office) for a brief discussion. No information will be divulged to our client without your prior permission.

CB-Linnel Limited
7 College Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS NOTTINGHAM - LONDON

# CONSIDER INFORMATION TECHNOLOGY

### Qualified/PQ Accountants to £25k plus benefits

If you have ever considered switching from Accountancy into a potentially more challenging and lucrative profession – consider IT. Our client has won a worldwide reputation for financial applications software on supermini technology and their turnover continues to double annually, as it has for the past 4 years.

This innovative turnkey systems house is determined to lead in the financial technology of the 90's and has invested in a strategy which involves attracting professionals with an ability to shape and develop this

A number of opportunities have been identified including positions in Project/Account Management, Consultancy, Sales & Training. Basic salaries range from £18k to £25k plus commission and benefits.

The key requirements are that you are either qualified or part qualified with experience of implementing financial information systems.

The decision is yours.

Contact, in complete confidence our Recruiting Consultant, Susan Wright during office hours on 01-935 8474, or, send a C.V. to ber office address.
FAIRBANK & FRY MANAGEMENT
CONSULTANTS LIMITED

64 George Street, London W1H 5RG.

**1°11** MANAGEMENT CONSULTANTS

ANAGER-BUSINESS SERVICES

### ACA **GRADUATE**

TRAINESS 29 - 210,500 + FULL STUDY PACKAGE. International to Small city/W1/Local CH/ACCTS. 10-13 "UCCA" points at "A" Lovels & cipact 1st/2,1/2.2 Degree. 1987 Graduates places to start Easter. 01-255-1555

# CHIEF FINANCIAL OFFICER

**Full Functional Accountability** c£25,000 + car + profit share

Our client, part of a leading international group in the service sector, is an autonomous and expanding Company with a turnover approaching £10 million. Based in the City, future growth plans include developments in both central London and key regional centres.

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In response to their growth, there is now an opportunity for an ambitious, highly motivated professional to assume full responsibility for the financial function and to play an active role in the profitable development of the Company's business.

Initial priorities will include the re-organisation of the accounting function and improvement/development of management information systems to meet the demands

The successful candidate will be a graduate chartered accountant, probably aged 26 to 33 years, with a track

record of progressive achievement ideally gained in a service-based environment. Some experience of the development of computerised systems would be of

Personal qualities will include flexibility and enthusiasm coupled with an assertive yet tactful style and the ability to develop and motivate staff. You should be able to demonstrate an understanding of overall group con-cepts and possess the potential for personal career development including progression to Director status.

For further information, please telephone KEITH SCOTT on 01-993 6610 or write to him, enclosing full career details and salary pro-gression date, at SRL Executive, Challenger House, Gunnersbury Lane, London W3 8LH (and \$10.52) (ref. M1053).

### With a staff of 4,500 and over 30 offices throughout the United Kingdom, our client is one of the country's largest firms of chartered

Reading c£25,000 plus car

LOCKYER, BRADSHAW & WILSON LIMITED

accountants and management consultants.

The provision of financial and commercial services to small businesses is one of its specialist areas, and the success of its Business Services Group in taking organisations from start-up to maturity is impressive

In Reading, with a potential client base covering the Thames Valley their record of achievement has made the team one of the most successful in the firm, and it's a position of strength from which you can build your

The responsibilities will be considerable, covering management of the team as well as business development. This key appointment offers the chance for you to use your ACA and business acumen in the highly rewarding role of advisor to growing companies and, in doing so, widen your business and management expertise to the point at which it becomes a springboard to much greater challenges. Though probably still in your 20's, you will be an achiever for whom the transition to senior management

In addition to a salary in the region of £25,000, there will be an extensive range of benefits plus a company car.

For further details, please send your c.v., quoting reference CRS/521 . to Jennie Pask, Lockyer, Bradshaw & Wilson Limited, 39-41 Parker Street, London WC2B 5LH.

Please indicate any organisations to which your details should not

# **Appointments**

### Royal Life

### Internal Audit In Financial **Services**

My client is a rapidly expanding subsidiary of Royal Insurance plc and is a leading force in the financial services sector, operating throughout the world.

Continued success has created exciting career prospects within the Internal Audit

Up to £28,000. Car. Benefits Audit Manager Reporting to the Chief Internal Auditor, you will lead a team of 8 audit staff and be responsible for the planning, execution and quality control of audit assignments throughout the company. Aged 30-40, you will be a fully qualified Accountant with at least five years audit experience, preferably in the financial services sector, and two years management experience. Ref. M19007/FT.

Senior Internal Auditors Up to £20,000, Car, Benefits Reporting to the Audit Manager, you will be responsible for the successful completion of audit assignments within budgets and timescales. You will supervise 2-3 Internal Audit Assistants and play an important part in their future development. Aged 25-32, you will be a fully qualified Accountant with at least three years experience as an auditor. Ref. M19008/FT.

Based in the North West, both positions attract an impressive range of benefits including subsidised mortgage, non-contributory pension scheme, profit share and generous relocation expenses. Most importantly, if you have the high calibre profile we are seeking, my client offers opportunities to promote your career with an expanding international company.

My client is an equal opportunities employer. Male or female candidates should submit in confidence a comprehensive c.v. or felephone for a Personal History Form to, J. Morrison, Hogest Bowers plc., St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF, 061-832 3500,

A MEMBER OF BLUE ARROW PLC

**GROUP FINANCIAL CONTROLLER** 

**Northamptonshire** 

c. £25,000, Car, Benefits

This Group has a first class product range, which is a household name in its own field. It is well established, profitable and expanding, with plans for substantial further diversification and growth.

The Group Financial Controller will be responsible for all the accounting activities of the group, and for the centralised accounting function. You will also have some challenging systems development tasks, both within and outside the finance function. You should be a qualified accountant with broad experience at a level of substantial responsibility within industry or commerce; but above all, we need a creative, enthusiastic professional who wants to make a mark in a key position in a quality

Ref 3327. Male or Female Candidates should telephone for an application form or forward a CV to: CW Theaker, Sterling Search & Selection Limited,

130-134 High Street, Solihull, West Midlands, B91 35X, Tel: 021-704 4334.

SEARC

7 G MITED

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**Premium Positions** 

£57 s.c.c.

### **EDP-AUDIT MANAGER**

Hertfordshire

to £30,000 + car +benefits

Distribution and leasing are the core business of this major British PLC, which operates internationally and currently has a T/O in excess of £1.4 billion. It has strong growth ambition and seeks to establish a predominant position in each of its markets through

An exceptional opportunity has arisen to head-up a small established EDP-audit team. This key role requires you to plan and implement a complete EDP-audit programme for the group and this will involve reviewing a diverse range of installations based in the UK, the USA and Europe.

To be considered for this position, you will be aged 30-40, with at least 3-5 years' EDP-audit experience and an accounting or dataprocessing background. An element of consultancy work within the role will necessitate a proven ability to communicate your skills in both an oral and written format with all levels of management.

Interested applicants should write to the address below or telephone Lisa Pearson, Accountancy Division, quoting reference

Telephone 0727 35116 (out of hours (0582) 404412) Management Personnel, Eclipse Court, Half Moon Yard. 14b Chequer Street, St Albans, Herts AL1 3HH



1. CHIEF

# Senior VAT Consultant

London Up to £40,000 ≺

VAT consultancy is the fastest growing part of our tax practice with exciting plans for further expansion. It's big business. For the Treasury It is a £26 billion business.

We now need to strengthen our team further by the appointment of additional VAT specialists at senior consultant level. Based in London, you will be part of an expanding team of more than 30 specialists,

providing comprehensive VAT consultancy services to clients from proprietorial businesses to multinational corporations. The VAT team is part of our international Trade Group, a unique mix of highly skilled

specialists who concentrate on providing top quality tax consultancy services to international business. You are likely to be a chartered accountant with substantial VAT experience, gained as an audit or tax manager with a professional firm or large company. You could also be with HM Customs & Excise in Headquarters or with

"999 Jarge trader" experience perticularly in the financial services sector You will have outstanding technical and

management skills, the ability to communicate effectively with senior executives and a strong sense of business awareness. You are unlikely to be earning less than £25,000.

The work is demanding and involves continuous client contact, it concentrates on the interpretation and practical application of VAT law over a wide range of business transactions. These assignments require sound understanding of client business objectives and corporate strategy and involve the review of complex deals across the world.

Future prospects are outstanding and the rewards are highly competitive. A good relocation package is available.

Please telephone or write to:

John R Townens National Tax Recruitment Manager Price Waterhouse Southwark Therers 32 London Bridge Street London SEI 98Ÿ Tel: 01-407-8988

Price Waterhouse



### **SAUDI ARABIA**

A leading trading company in Jeddah

requires two Qualified Accountants as

ACCOUNTANT 2. SENIOR INTERNAL CONTROL

ACCOUNTANT These positions call for recently qualified accountants (preferably C.A.) with good experience of computerised accounting and

auditing. Reporting will be to the Financial Manager. An attractive salary is offered. The Company imports and distributes a wide

range of electrical goods in the air conditioning, refrigeration and domestic appliance fields, as well as electronic consumer goods.

Applications with full C.V. and telephone contact number should be sent as soon as possible to:

L.M. White Consultancy 31 Danbury Vale, Danbury, Chelmsford, Essex, CM3 4LA.

FINANCE AND ADMINISTRATION DIRECTOR

HIGH WYCOMBE £ EXCELLENT

Our client is, a rapidly growing firm involved in the retailing of office furniture. To further the expected growth it has identified the need for this

The candidate will be expected to make a positive and imaginative contribution to the efficiency and profitability of the business. He or the will have responsibility for financial management and administration.

Candidates will probably be chartered accountants aged 28 - 40. They will have sound post-qualification experience in industry or commerce.

Please send a comprehensive C.V. including salary history to :-J O English F.C.A., Clarks, Chartered Accou P O Box 150, Chypenham Court, Cippenham SLOUGH, Berkshire SLI SAT

# Influence. Innovate. Inform.

Contribute to change in a £multi-billion environment.

Marks & Spencer is a major blue chip company whose investment in technology is considerable. This extends to the Finance Group at Head Office, where the following professionals will have an opportunity to influence change:

### FINANCIAL ANALYST c.£25,000 + car

Working within a small, young and progressive team, your role will be to develop and implement a framework for determining and increasing the profitability of differing areas of the business. This will involve identifying key costs and influencing necessary change, putting you in close contact with people from all disciplines – both in Stores and Head Office.

You're a qualified accountant with at least 2 years' post qualification experience, ideally including D.P.P. You're also an excellent communicator with a forward looking approach.

### COMPUTER AUDIT c.£25,000 + car

Working within a small team you will be involved at every stage of systems development projects. Your role will be to evaluate new systems, analyse problems and recommend solutions. This will give you exposure to a wide range of systems and computer products, and provide the opportunity for progression to other areas of our business.

Probably a qualified accountant, you should have at least 2 years' computer audit experience and the ability to influence change in a role offering considerable involvement.

# FINANCIAL AUDIT c.£23,000 (Newly qualified)

You will be a key member of the team responsible for increasing profitability by conducting operational and systems based audits and by the review of new systems with Computer Audit. This will give you a high profile with both Financial and Commercial Managers and will provide opportunity for further progression.

A newly qualified accountant with good audit experience, you must be a strong man-manager, familiar with computer systems, and keen to stimulate progress.

Marks & Spencer's commitment to innovation means that these roles are ideal for creative and highly motivated self-starters. If you would like to gain more recognition by contributing to the process of change, please write with a full cv stating current salary to our advising Consultants: Richard Holland at Robert Half, Walter House, 418 The Strand, London WC2R OPT Or telephone 01-836 3545 (Office hours), 01-348 1173 (Evenings only).

We are an equal opportunities employer.

# MARKS & SPENCER

# YOUNG, HIGH-CALIBRE ACCOUNTANT **DEVELOPING RETAIL EXCELLENCE** c£20,000 + CAR + BENEFITS

We are the leading music retailer with over 60 stores throughout the UK. To provide a strong platform for our ambitious growth plans, we now wish to appoint a Financial Planning Accountant with energy and commitment to make a significant contribution to our exciting future activity.

Based in Oxford Street WI, you will be given real responsibility to shape the forecasting and budgeting process. This role will offer considerable scope to influence the direction of the business both on tactical and strategic levels. You will be expected to create and evaluate alternative courses of action. The successful candidate will need to possess the appropriate breadth of vision to capitalise on these opportunities. Success in this position will lead to further career development in the Company or within the Group.

You will be a qualified accountant with at least two years post qualification experience, possess well developed communication and influencing skills and enjoy working as a team member. You will have substantial experience of financial modelling and be able to apply the latest technology in pursuit of your objectives. This appointment will suit an ambitious accountant who can prove to the challenge of growth in a fact moving respiratory.

respond to the challenge of growth in a fast moving retail environment.

To apply, please write with full career details by no later than Tuesday April 5th to Stuart Hardey, Personnel and Training Manager, Film House, 142 Wardour Street,

London WIV 3AU.

We welcome applications from both women and men.

The World's Best Music Stores.

A THORN EMI Company.

### 'In Fact . . . Potential Director Material'

# FINANCE MANAGER

Northern Home Counties

As part of a radical decentralisation programme, our Client (a major presence on the nation's high streets and part of one of the UK's largest and most prestigious commercial groups) now wishes to appoint a new MANAGER OF FINANCE. This move will be a critical step in their overall plan to strengthen the Regional management team.

The Finance Manager will immediately take charge of a small, well-established department. In addition to managing the company's financial affairs, however, she/he will also handle a number of administrative functions such as transport, property and all insurance matters.

Computer systems, both mainframe and mini/PC based, have broadly been established on ICL equipment, but a major change at group level to IBM hardware is currently in progress. The Finance Manager will, therefore, as part of her/his longer term business activities be expected to help develop and nurture further systems improvements.

c \$25K + Generous Bonus + Car

Direct reporting will be to the Regional General Manager, with an indirect 'dotted line' reporting structure to the F.D. Full participation in the commercial decision making process at a senior level will be seen as an integral part of the role.

Candidates must be qualified accountants in the 28-35 age range, with a good knowledge of systems and a sound commercial background. A Business Management Degree would be an attractive bonus. Specific experience in retailing or a similar service industry would also be highly advantageous.

During our briefing, descriptions such as 'selfstarter', 'pro-active', 'good listener', and 'outgoing' were used to highlight key features of the ideal applicant's personality. The main criteria for success that we will be looking for, however, will be a superb commercial acumen linked to managerial competence.

Candidates may apply in the first instance by calling our Executive Express Line during normal office hours and asking for our Managing Consultant — Ron Irving. The number is 01-937 5771 (also available 24 hours). Alternatively you may choose to send your Curriculum Vitae direct to our London Office, marking the envelope 'Reference FM/WAT'.

We look forward to hearing from you.



TRESOURCES AND RECRUITMENT TO THE REDAL REDUSTRY

London House, REAL STREET

London House, 26-40 Kensington High Street, London W8 4PF Relephone: 01-938 2222

# Corporate Recovery Seniors Exciting Opportunity For Talented ACA's

Manchester

£s Excellent

Our rapidly expanding Corporate Recovery and Insolvency Division covering the North West seeks young and ambitious Seniors to contribute to the part trace of the Division's development.

the next stage of the Division's development.

Reporting to Principal level, you will assume responsibility for a diverse range of corporate viability reviews and monitoring assignments as well as senior level exposure to company receiverships, administrations and

Age range 25 to early 30s, you should have clear management potential in the short term and the ambition to succeed in a busy and growth orientated environment.

Interested candidates should send their full CV and current salary details in confidence to Ken Chalk, Spicer & Oppenheim, Derby House, Booth Street, Manchester, M60 2ED.



SPICER & OPPENHEIM

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

**APPOINTMENTS** 

ADVERTISING
For further information

or further information call 01-248 8000 Tessa Taylor ext 3351

Deirdre Venables ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

# Financial Director Designate

Essex/London Borders

c. £30,000 + profit share and car

Our client is a highly successful medium-sized financial services/estate agency organisation with ambitious growth plans that are supported fully by the parent Ptc.

This is a new appointment where the Finance Director Designate will be closely involved in developing strategic plans, detailed budgets and systems improvements so that the planned rapid growth can be achieved. There will also be the need to manage a small but growing existing accounts and administration department.

Applicants should be qualified accountants aged around 30 with recent experience of a service organisation gained possibly while in the accountancy profession. Some exposure gained in a commercial environment is an essential requirement.

A Board appointment is envisaged after about one year.

Please write to Michael Ping enclosing career details and current salary, quoting reference 1070/P, at Executive Selection Division, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.



A MEMBER OF BLUE ARROW PLC

### Management Accountant

£200m Oil Exploration Business Central London, Up to £24,000

The position involves a very broad range of management accounting activities, including preparation of monthly reports, co-ordination and consolidation of capital budgets, and major ad hoc reviews of specific capital and operating expenditure areas. The business is currently engaged in drilling 30 wells in Europe, plus c15 pre-drilling planning projects, with a total accounting team of 14. It is part of a well-known major oil company, renowned for its upstream activities, and with strong emphasis on good financial management. These are excellent excert prospects. Broad experience of management accounting in an industrial/commercial environment is required. Applications are invited from candidates with accounting qualifications, or unqualified candidates with oil industry experience.

O. Venables, Hoggett Bowers plc, 1/2 Hanover Street,
LONDON, W1R 9WB, 61-734 6852. Ref. H15029/FT.

### Financial Managers

Opportunity for Top Accountants to Move into Retailing Midlands, To £20,000, Car

Midlands, To £20,000, Car

A leading High Street Retailer has recently completed a major review of its organisation and identified the key positions necessary to meet its planned growth and future developments. In these high profile roles, as members to the finance team, you will work very closely with the senior Management of the Company.

Responsibility will be for introducing effective forecasting and budgeting, assessing hranch and product profitability and enhancing generally the quality of management information available, to aid proper control and highlight business opportunities. The requirement is for commercially minded qualified or exceptional part qualified accountants, probably aged 25-30, who have already been successful in a demending fast moving environment. Familiarity with the development of sophisticated management information using micro-computers is essential, as are the personal qualities necessary to influence business decisions at the highest levels and secure rapid career progression either in finance or general management.

P.S. Worsley, Hoggett Bowers pic, Castle House, 74 St. James's Street, NOTTINGHAM, NG1 6F1, 0602-412019. Ref. E13023/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.



£20,000+Car+Bonus

Circle K—one of the world's largest convenience store chains—has made a dramatic impact on the UK market since its arrival in 1986. As part of its impressive expansion plan, it operates a number of Area Franchises, the East Midlands Area trading under the name of Central Convenience Stores. This young and dynamic company is looking for a Financial Controller—in a similar mould—to help achieve its planned growth from six to one hundred stores within the next four years.

Reporting to the Finance Director, this is a front line accounting position where principal responsibilities will include preparation of monthly management accounts, mouthly margin reports, weekly sales statistics and stock movements as well as the day to day running of an accounting department. In addition, you will be expected to contribute to the company's growth and success by your contribution as part of the

You will be aged 25-35, a qualified Accountant with first class technical skills and experience of working to very tight timetables. A good working knowledge of EBM-PCs and of Lons 1-2-3 models and spreadsheets is essential while some retail accounting experience would greatly shorten the learning curve. A positive personal the ability to thrive under pressure, energy, enthusiasm, commitment and ambition

This position offers the opportunity of contributing directly to the company's success and in so doing, to your own success and rapid promotio

A salary of £20,000 p.s. is offered plus bonus and a fully expensed company car. If this challenge excites you, then please write with full career details quoting reference L/100/88 to Morag Lloyd.



Peat Marwick McLintock

Arlen House, Salisbury Road, Leicester LEI 7QS. (0533) 471122

# **MANAGING GROWTH**

**Excellent Package + Equity** 

Millway Foods is a new company formed, with strong institutional backing, by a talented team which is particularly strong in sales and marketing.
Millway has acquired the Harby cheese factory manufacturing primarily Stilton but also territorial cheeses. The company is confidently looking to substantial growth and flotation. A Finance Director is now needed to complete the executive

We seek a computer-literate accountant (probably chartered) with, ideally, some experience of medium-sized companies, food products and/or the City. Specific experience is, however, less important than the ability to fit in to the ethos of the team and yet the individuality to bring something special to the party. He or she must have both the judgement to provide the Board with sound financial advice and the presence to represent the company in financial circles. Age is not a critical factor.

3i Consultants Ltd

Salary negotiable. Car and all running costs. Assistance with relocation. Opportunity for equity participation after an appropriate qualifying

For further details and an application form please telephone Windsor (0753) 867175 (24 hrs) or write with full details and ealary aspirations to David Mackintosh, Director - Human Resources, 3i Consultants Ltd, 8 High Street, Windsor, Berks, SL4 1LD quoting ref: DM/742

A WEALTH OF **EXPERIENCE** 

Human Resources

FINANCIAL

DIRECTOR

(Designate)

NRHEATHROW

c.\$25,000

Beaumont House.

+ car

DA BOURS OF BUILD NOW AND THE STREET OF BUILDING STREET

Our client is a young, successful and rapidly expanding Company - manufacturers of a specialist range of

consumer products. Growth has created a challenging opportunity for a professional Qualified Accountant - preferred age 25-35 to join as FINANCE DIRECTOR and play a significant role in the development of the Company. This is a job demanding Total involvement - the Financial Director will be responsible for introducing Computerised Facilities - Controlling all Financial, Management and Cost Accounting Inventory, Administrative and Legal matters together with providing a full supporting service to Sales and Production

Turnover at present is \$3M but this is expected to double in the next year - the Company has a sound client base and impressive marketing policies. Applicants should have experience of controlling an all round similar role in a small Company or rapid growth situation.

If this sounds like the challenge you are seeking - contact -ARTHUR FLITTER (Adviser to the Company)

Station Path. STAINES. Middx. TW18 4AL. Telephone: Staines (0784) 62131 (8 Lines)

BEAUMONT MANAGEMENT

Financial Appointments made easier



Coloroll - the fastest growing international home fashion group in the UK - with sales taken from £35m to approaching £300m in just 3 years.

If you would like the opportunity to join:-

package and report to the Group Managing Director.

one of the most exciting companies in the UK a highly professional corporate finance team, and

a finely tuned post-acquisition management team.

then this is for you.

\* Are you hungry for career success? \* Do you have strong analytical and quantitative skills? \* Are you 25-35 with a good first degree and/or an MBA? • Would you thrive in a fast, dynamic, demanding environment?

\* Are you prepared to make a substantial personal commitment to your employer? If the enswer to these questions is Yes, then write to Mrs [ Cull, Hoggett Bowers plc, St. james's Court, 30 Brown Street, MANCHESTER, M2 2]F, quoting reference M16025/FT. You would be based at the Group's Manchester office, offered a very attractive salary/benefits

A MEMBER OF BLUE ARROW PLC

# Compliance Officers c.£30,000 + car

Spicer & Oppenheim, a leading firm of Chartered Accountants, is seeking Compliance Officers to assist the Compliance Partner. In these assistant roles, the Officers will be responsible for establishing effective procedures to ensure that the firm, together with subsidiary organisations, comply with the requirements of membership of the RPB and SRO's. It is envisaged that, after an initial period, these Officers will also be involved with that part of the firm's City Practice which advises securities organisations on the impact of the Financial Services Act.

Applicants, aged under 40, should have a degree or professional qualification. A legal background and some experience of the investment advisory industry and the Financial Services Act would be desirable. The remuneration package includes a contributory pension scheme and

a car, as some travel throughout the UK will be required. Applicants should apply with a brief C.V. to Jane E. Wright, Senior Recruitment Officer, Spicer & Oppenheim, Friary Court, 65 Crutched Friars, London EC3N 2NP.



SPICER & OPPENHEIM

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

# **UK Finance Manager**

Medium-sized publishing and printing group

... contributing to change in an expanding business c£26.000 + car Northern Home Counties

This well-known privately-owned company, which designs and prints a wide range of products, has a turnover of over £12 million. It is UK based, with a substantial export business and a number of overseas operations. From its sound and profitable base it is now going through a period of considerable change to meet the demands of a very competitive market-place. Reporting to the Group Finance Director, you will initially be responsible for the finance function of the UK publishing business. Your main accountabilities will be the effective management of this operation and the development of improved financial systems and controls. The role is likely to expand significantly in scope in the future.

A qualified accountant is required, preferably aged 30 to 50, with extensive financial management experience, plus the commercial skills necessary to contribute to the overall management of the business

There is an attractive benefits package, including an excellent pension scheme. Please write with full career details to B G Woodrow, ref. B.73347.

**M5L** International 2-4 Cliaton To Derby Road,

MSL international (UK) Ltd. Clinton House, Nottingham NG7 1LY.

### Group **Financial** Controller

with fluency in "German"

c£25,000, car

East Anglia

This is a new appointment with a £100m+ subsidiary of a major international group. The Company which has grown dramatically both by expansion and acquisition over the past several years has a number of operating companies throughout the UK and

Combining both a control and advisory function, constant contact with subsidiaries, particulary those in Germany, is envisaged and therefore travel will be a necessary part of the role, including an element overseas. The job specification is as would be expected from such a position and includes group consolidation, treasury and secretarial duties. This is very much a supporting role, working closely with the Group Financial Director.

Bilingual candidates, either ACA or ACCA should have several years experience in a fast moving. commercially orientated business where reporting deadlines and tight operational standards have been the key to business success.

This is an opportunity to demonstrate personal ability and where career prospects are excellent.

Male or female candidates should send a comprehensive c.v. or telephone for an application form to Howgate Sable & Partners, Barnett House, 53 Fountain Street, Manchester, M2 2AN. Telephone: 061 228 6919 quoting reference: (F.T. 51)

### c\$26,000 p.a Financial Controller Oxfordshire HIGH TECHNOLOGY

A commercially minded chartered accountant, aged 30-45, male or female, with a working knowledge of French a distinct advantage. Must have proven industrial experience in a small/medium sized manufacturing environment. This experience will include knowledge of continental accounting practices, particularly French, exchange risk control and the consolidation of European subsidiaries. An understanding of micro-computer based systems is essential. An excellent career opportunity, with directorship potential in a small but expanding high tech' private company manufacturing and selling its products throughout Europe. Frequent short stay continental travel will be required. Fringe benefits include share option potential, contributory pension, company car, medical/life cover and relocation expenses. Suitably qualified candidates please phone 01-600 4708 for an application form quoting GF831 (24 hour service).

GREYFRIARS

JOHN W G FOREES MANAGING DIRECTOR 104 NEWGATE STREET, LONDON BCI



### **JAC** Recruitment (Japan Agency & Consultancy)

3rd Floor College Hill Chambers 23 College Hill London EC4R 2RT Tel: 01-236 8192 (5 lines) Fax: 01-489 1094

ASSISTANT MANAGER £20-30,000 + Benefits To liaise with the Company Secretary and command responsibility over accounting functions, compliance and personnel. Accounts experience within a securities house is preferred.

ASSISTANT ACCOUNT MANAGER

ACA or ACCA qualified accountant with more than five years experience in Management/Financial Accounting is required by an expanding City Merchant Bank. You'll be supervising two staff in Accounts Department and reporting to the Company Secretary. Age up to 33. Graduates preferred.

For further information please contact: MRS Y BARKER on 01 236-8192

23 College Hill, London EC4R 2RT

### EXCITING FAR EAST SALES **OPPORTUNITY**

An independent international stockbroker seeks two senior experienced salesmen or women in its London office to assist its rapidly expanding Far East business. They will in particular focus their initial efforts on Hong Kong.

The remuneration package will be performance orientated. Write Box A0862, Financial Times,

10 Cannon Street, London EC4P 4BY

### **BLOODSTOCK ACCOUNTANT**

Required for large stud and recing establishment in East

Must be able to work on own initiative.

Responsibilities to include preparation of monthly and annual accounts; budgets; and cashflow forecasts.

Knowledge of computer systems an advantage. Exciting and challenging position for the right individual. Renumeration will be commensurate with ability and

Apply in writing with personal details, and cv before Friday 8th April, to Box A0870, Financial Times, 10 Cannon Street, London EC4P 4BY

### **ACCOUNTANT**

Career opportunity within a small group of Companies offering full exposure to the Board of Directors. You will be a young newly qualified Accountant prepared to direct and produce management information and accounts. This appointment has no upper limits, and your anthusiasm and business skills will help guide the Group to greater things. The Groups activities include electrical manufacturing, electrical contracting and electronics manufacturing. Renumeration would be by negotiation but with a company car.

We are located adjacent to London Heathrow and you should apply privately to R J Zannetti or D J Fidler, Synchronised Systems Limited, Horton Road, Coinbrook, Slough, Berkshire, SL3 OAT or telephone 0753-681598.

### FINANCIAL CONTROLLER ST. ALBANS to £25,000 + CAR

Dedicated, hardworking and progressive qualified accountant required for fast growing, busy private trading company in St.

Our client is proud of its reputation for quality and service and is looking for the right person to supplement an experienced management team looking to develop the Company, including through acquisitions if appropriate.

Interesting long-term prospects await the successful candidate, who will be aged 28-35 and have a recognised accountancy qualification. He will be responsible for all aspects of the accounting and reporting requirements of the Company.

Please write commencesive cureer details to Span Advisory, 112 Clerkenwell Road, London ECIM 5SA.

# FINANCE DIRECTOR

GLAXO HOLDINGS p.l.c.

This opportunity which arises from the impending retirement of the Finance Director is one of the most significant finance appointments in British Industry.

Candidates, preferably in their fifties, must have substantial experience operating on the main board of a major group of companies.

Please send details - which will be treated in complete confidence and will not be divulged without prior consent to Sir Paul Girolami, Chairman, Glaxo Holdings plc, 61 Curzon Street, London W1.



# **Finance Controller**

High profile commercial role within rapidly expanding company

Surrey

up to £20k + bonus + car

The company is part of a highly profitable British multi-national pic with a turnover of c. £80 million. Growth through acquisition and diversification has been dramatic, offering an outstanding opportunity to build from a broader base and create new openings well into the 1990's.

This £3.5 million subsidiary in the building services industry has earned a successful niche position in the competitive and rapidly growing market for air conditioning

To develop the business still further a Finance Controller is needed who has the ambition and talent to make a substantial contribution to a small and dynamic

Reporting to the Managing Director you would enjoy a varied, demanding brief and highly visible role, contributing to all major commercial decision-making processes. Key tasks will be to continue the development of financial, budgetary and management information systems, computer systems and generally strengthen the financial management within the operation.

The need is for a qualified accountant, probably late 20's with well developed communication skills and the ambition to be a 'key player' in this rapidly expanding company. Experience gained within a manufacturing operation or similar would be particularly useful but is not considered a prerequisite.

An excellent remuneration and rewards package is offered together with good career

Please contact our Consultant, Loraine Pemberton, quoting reference: 900/13/1, at: MSL Advertising, Pilgrim House, 2/6 William Street, Windsor, Berks SL4 OBA. Tel: (0753) 842044.

Offices in Europe, the Americas, Australiasia and Assa Pazifi



### Finance and Accounting Manager c. £23,000 + car and benefits Thames Valley

Heseltine, Moss & Co., a member of the Brown Shipley Stockbroking group of companies, wishes to appoint a Finance and Accounting Manager. This is a new role which completes the management team responsible for the development and day to day running of the financial

and other support services of the company.

Heseltine, Moss provides a range of stockbroking services to both private and institutional clients and its 13 offices constitute one of the largest networks of any broking

The Manager will report to the Finance and Operations Director and lead a department of approximately 20 staff. His/her duties will include ensuring that the accounting and treasury functions provide the financial information to effectively manage the company's operations and meet regulatory and corporate reporting requirements.

There will be considerable involvement in the implementation of new computer systems,

the preparation of annual budgets and the formulation of longer term plans.

The Manager will have every opportunity for career development and the satisfaction of

being in a position to have a direct impact on the company's growth.

Candidates should be qualified accountants aged 28-35 and ideally educated to graduate level. They may currently be working in a professional firm, but looking to move into their first line role. Although experience of the financial services industry would be useful, management skills, drive and enthusiasm are essential to succeed in this demanding



Please send details of your career to date to Sue Canning, Personnel Officer, Heseltine, Moss & Co., 30/31 Friar Street, Reading RG1 1AH.

### **BROWN SHIPLEY STOCKBROKING**



# **Operations** Analyst-Leisure

Newly/Recently Qualified Accountant

Report to the Operations Director of this highly acquisitive British Leisure company. Following a profit increase in excess of 75% in 1987, this £multi million group now offers a superb opportunity to a newly/recently qualified accountant.

The successful candidate will take responsibility for identification of new business options, feasibility studies and investment proposals whilst monitoring capital expenditure and systems development.

Candidates keen to make an immediate contribution to key management decisions, aged 23-27 and ACA/ACCA/ACMA can achieve Operational Controllership within 2 years.

Please contact ANDREW LIVESEY Ref. 4538. and Accountancy Recruitment, 125 High Holborn, London WC1V 6QA. Tel: 01-404 3155.

### **COMPANY SECRETARY**

A New Appointment **London Base** C. £20,000

Our client is a privately owned group of companies serving both regional and national markets. Their continuing growth demands that they recruit a Company Secretary to take on secretarial responsibilities from the Finance

Responding to the Chairman, he or she will be responsible to the board for all legal and constitutional aspects of the Company. In addition they will be involved in group pensions, insurances and health and safety administration.

Applicants should be in their late 20's or early 30's. They will currently be involved in an administrative role, preferably in a company secretarial department, ideally candidates will already have or will be about to obtain an ACIS qualification. The ability to communicate effectively is an essential requirement

This appointment offers an attractive career development opportunity in a Group expanding by organic growth and by acquisition. The benefit package includes a salary in the region of £20 K plus other benefits commensurate with a progressive company.

If you would like to discuss this appointment contact Keith Fowler on 0295 67545. Alternatively, contact Debbie Hannah on the same number for a Personal History Form or send her your c.v. quoting referenceTRI/KWF/ 256. Candidate confidentiality will be maintained.



### **Tripos Consultants Limited**

60 Calthorpe Street, Banbury. OX16 8EX Tel: (9295) 67545/59843 Tbx: 94014098 = MGMT G International Management Consultants



# DEPUTY

Salary neg. up to £30,000

Our client, Maxwell Communication Corporation plc needs little introduction. It has achieved success and prominence as a global information and communications group encompassing activities in publishing, printing and related businesses.

At the Holborn head office they are creating a new position of Deputy Treasurer. The responsibilities will be the planning, forecasting and control of Maxwell Communication Corporation's cash flow and working capital requirements and the attendant tasks, banking relationships and treasury functions which that entails.

Candidates should be professionally qualified ACA or ACT in their 20's or 30's, Previous Treasury experience preferred but not essential.

Please write with full career details, quoting ref. BM 818 to the Managing Director, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD.

ESD is the Executive Selection Division of EAL International

# Marketing accountant

Recently Qualified. Essex, c.£20,000



Our client is an expanding profitable company with a turnover of around £30 million and subsidiaries in the USA and Eire. They are market leaders in optical instrumentation in both medical and industrial fields. Planned growth has created the opportunity for the new position of Marketing Accountant.

Reporting directly to the Financial Controller, this role is outside the traditional mainstream financial function and offers the opportunity to be involved in the sales and marketing aspects of the business. The successful candidate will be a recently qualified accountant in their mid-20's from either commerce or the profession who wishes to make a major impact in the area of pricing and profit menagement. Determination, commercial awareness and a flexible approach will result in a high degree of job interest, challenge and opportunity.

Company benefits include free life assurance, free BUPA (after one year) and contributory pension scheme. Relocation assistance will be considered.

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, should be sent to Chris Haworth quoting reference

Coopers & Lybrand Exécutive

| Coopers & Lybrand Executive Selection Limited

Selection | Shelley House 3 Noble Street London EC2V 7DQ

### ACCOUNTANTS. A BETTER WAY TO MOVE

Landsdowne Appointments Register now have vacancies in London and throughout the country for Accountants aged 21-40 years. NOW SHORTLISTING: Part Qualified, Newly Qualified, Mangement, Financial, Project and Chief Accountants and Financial Analysts. Our proven, FREE service is the easy effective way to look around.

Contact us NOW on 01 568 2926, quoting reference 8X0324PFT or write enclosing your CV to: Stuart Tait. Landsdowne Appointments Register, Kew Bridge House, Kew Bridge Road, Brentford, Middlesex TW8 0ES

### **CHARTERED** ACCOUNTANT

SALARY UP TO £25,000 PLUS CAR Required by Mercedes-Benz main agents in South West London. Candidates should be aged between 28 and 38 years with at least two years commercial experience in a computerised environment.

Please send your current C.V. to: G.C. Barker, Director Finance, Geyfords Ltd, 1 Stafford Road Wallington, Surrey. SM6 9AQ

### **ACCOUNTANCY APPOINTMENTS**

APPEAR EVERY THURSDAY

FOR FURTHER DETAILS **PLEASE** 

CONTACT

**TESSA TAYLOR** 

248 8000 **EXT 3351** 

**DEIRDRE VENABLES** 

**EXT 4177** 

PAUL MARAVIVLIA

**EXT 4676** 

**ELIZABETH ROWAN** 

**EXT 3456** 

**PATRICK WILLIAMS** 

**EXT 3694** 

GENERAL APPOINTMENTS

APPEAR ON

WEDNESDAY

# **Company Notices**

STATE BANK OF SOUTH AUSTRALIA A \$75,000,000 FLOATING RATE NOTES DUE 1994

Holders of the notes of the above issue are hereby notified that for the next interest sub-period the following will apply. INTEREST RATE: 10.25 PER CENT PER ANNUM

INTEREST PERIOD: 18 MARCH 1988-20 JUNE 1988 INTEREST AMOUNT DUE: 20 JUNE 1988 PER.ASI0,000 NOTE: AS263,97 PERASS,000 NOTE: A\$131,99

BANK OF TOKYO AUSTRALIA LIMITED

# **Company Notices**



FF 500,000,000 Guaranteed Floating Rate Notes due 1991

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from March 23, 1988 to June 23, 1988 the Notes will carry an interest rate of 81/2% per annum.

The interest payable on the relevant interest payment date, June 23, 1988, will be FF 217.22 per Note of FF 10,000 nominal and FF 2,172,22 per Note of FF 100,000 nominal



### **New Coupon Sheets**

Schering Aktiengesellschaft Berlin and Bergkamen

**SCHERING** 

Shareholders are hereby advised that new coupon sheets with coupons Nos. 51-70 and talon will be issued free of charge against presentation of the old talon as from 5th April, 1988 at the offices of:

S.G. WARBURG & CO. LTD. Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA

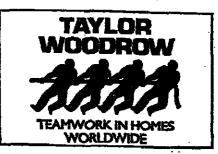
We should be obliged if shareholders would lodge the old talons, sorted by face value and number, with a list of the numbers in triplicate.

Where shares are held in safe custody by a bank, no action by shareholders is required. The shares of our company will be good delivery with either the old talon or the new coupon sheet between 5th April, 1988 and 4th May, 1988 inclusive, or with the new coupon sheet only as from 5th

ALDERWICK PEACHELL and PARTNERS LTD., Financial

KREDIETBANK

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# Chemical Bank to sell off UK mortgage lending unit

has been fixed.

The subsidiary, which began mortgage lending in the UK in 1981 and which will be sold as a going concern, is Chemical's only retail hanking operation outside the US. While it has been profitable, "it does not fit the capital requirements for mort-

ing group, is to sell its UK mort gage lending unit because it is trying up too much of its scarce capital resources.

Chemical Bank Home Loans employs about 100 in London and in Cardiff, 10 per cent of the New York bank's workforce in the UK, and holds about 21.3bn(\$2.3bn) of mortgages.

S.G. Warburg, the merchant bank has been selved to auction.

US bank share prices are depressed because of Third World debt worries so it is expensive for its mortgages in side in creasing its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital banks have been wondering if its monitoring of bank capital bang introduced by the Federal Reserve, the US bank share prices are depressed because of Third World debt worries so it is expensive for banks to raise share capital US banks have been wondering its monitoring of bank capital banks have been wondering its monitoring of bank capital banks have been wondering its monitoring of banks also been banks when banks have been wondering its monitoring of bank capital banks have been wondering its monitoring of banks also been banks have been wondering its monitoring of banks also been banks have been wondering its monitoring of banks also been banks have been wondering its monitoring of

mortgages.
S.G. Warburg, the merchant bank, has been asked to auction the business. This is expected to take a few months so no price base been fixed.

It may use manufacture will have to boost the amount of capital they set against their assets. Compared with bank capital proposals in other industriation of countries, they are particular to the proposals in other industriation.

CHEMICAL BANK, the US bank-ing group, is to sell its UK mort-gage lending unit because it is The move has also been itable option for European than

US bank share prices are degressed because of Third World debt worries so it is expensive for the software concern, have both the software concern, have both banks to raise share canital. US banks have been wondering if they can shed businesses inside

Chemical has already tried in vain to sell its capital-intensive US consumer finance business, and other US banks are said to be

# Seagram jumps 23% to \$521m

SEAGRAM, the Canadian wine company, contributing substandard spirits company which has spent more than \$20m in recent In all, net income totalled partly aided by favourable for-

Net income from spirits and growth in low-alcohol wines, the The result reflects improvement in all divisions, with the
group's 22.9 per cent stake in Du
Pont, the largest US chemicals

Net income from spirits and grown in inwancing wines, and socialed wine coolers. In Canada, fiscal 1987 levels at a record gains in a generally weak marThe Seagram International ket.

eltered," HP said. "One of the features of the NewWave software developer's kit that we are shipping to software publishers and which we have shipped to Apple is the ability to change the design of the screen," HP explained.

According to HP, the screen a C\$384m (US\$308m) cash deal with Ocelot Industries, the strug-According to HP, the screen displays photographed by Apple gling Canadian oil, gas and petrochemicals company.

The gas is in the Hatton field will

**Microsoft** 

Apple suit

them last week by Apple Com-

puter.
While vigorously denying Apple's charges, both HP and Microsoft have separately taken issue with the Apple suit.

ware programs, now appears cer-tain to create a bitter legal battle that could deeply divide the pro-

Hewlett-Packard accused

Apple of modifying screen images from HP's NewWave pro-gram to look more like Apple's Macintosh. As part of the evi-

dence supporting its case, Apple presented a series of photographs to illustrate the close resemblance of the visual displays from Macintosh and from

HP's NewWave programs.
The images have been altered," HP said. "One of the

react to

By Louise Kehoe in San Francisco

plays.

Apple contends, however, that
"all the images that appear in
the photographed NewWave
screens appear in the NewWave
acquisition also includes all
ancillary and gas transmission ancillary and gas transmission facilities.

# Hewlett and Intel to re-enter DRAM market with Micron deal

INTEL Corporation, one of the that period gave rise to the 1986 buy large quantities of DRAMs leading US chip makers, yester- US Japanese Semiconductor from Micron which it will resell day announced its re-entry into Trade Agreement under which the market for Dynamic Random Japan promised an end to dump- become Micron's largest cusreacted strongly to the copyright infringement suit filed against

The two US companies aim to boost US participation in the which the risks of a recurrence of stock at an exercise price of memory chip market reducing dumping have been reduced US dependence on Japanese chip suppliers. The alliance comes at a the huge investments needed to time when a severe shortage of rebuild the US memory chip the US companies to make the huge investments needed to the alliance with Intel had industry.

The Novce rejected criticism of confidently toward expanding its

The suit, which centres on claims that HP and Microsoft have copied display images from Apple's Macintosh computer for use in recently developed soft ware programs, now appears certain the structure of the programs, now appears certain to the programs, now appears certain the structure of the programs in the mid-1980s in the face of severe price competition from Japanese chip

US allegations of Japanese dumping of memory chips during

**Bow Valley lifts** 

deal with Ocelot

gas reserves in

By Robert Gibbens and Steven Butler

the market for Dynamic Randon Access Memories (DRAM) though an alliance with Micron Technology of Boise, Idaho, one of only two remaining DRAM makers in the US.

\*\*The market for Dynamic Randon ing.\*\*

\*\*Index of Micron Technology of Boise, Idaho, one of only two remaining DRAM makers in the US.

\*\*The market for Dynamic Randon ing.\*\*

\*\*Index of Micron Technology of Boise, Idaho, one of only into the DRAM market yesterday, cover 256K DRAMs. As part of Robert Noyce, Intel chairman, the agreement, Micron has issued said that the trade pact had cre-to intel a warrant for the purchase environment in chase of 600,000 shares of Micron

Dr Noyce rejected criticism of confidently toward expanding its the trade pact, which many have production capacity. Micron will blamed for dramatic increases in today break ground on a new DRAM prices and the current DRAM plant that will double the shortage. The reason we have a company's output, he said. shortage is because Japan Other US semiconductor com troyed the US industry. Now panies including National Semiwe have an opportunity to conductor and Motorola have rebuild it," he said.

Under the terms of its alliance moves to re-enter the DRAM marwith Micron, Intel has agreed to ket.

### Grolier rejects \$415m bid approach from Hachette

company, yesterday said its board had unanimously rejected an unsolicited tender offer from Hachette, the leading French publisher, to acquire all of Grobe agreed it would continue to lier's outstanding shares for \$21 a explore ways to maximise shareholder value, including those an unsolicited tender offer from of these parties.

Hachette. the leading French

If satisfactory terms could not

quate and not in the best inter-

had been in touch with several est in the company, including rights

GROLIER, the US encyclopaedia Hachette. company, yesterday said its. Grolier said it intended to negotiate any acquisition by one

Groller dismissed the bid, relating to a leveraged buyout, a announced last week and valuing financial restructuring or reor the company at \$415m, as inade-On the Hachette offer, Grolier

ests of the company and share-said it had considered its own financial condition and prospects The board had unanimously the strategic direction of Grorecommended Grolier sharebold-ier's businesses, and other fac-ers not to tender their shares into the Hachette offer. Grolier said it filed yesterday with the Securifiled yesterday with the Securi-ties and Exchange Commission. unnamed parties who had indi-cated an interest in making an acquisition proposal. It would hold talks with these and other certificates evidencing the com-

### **B&D** quits **American** Standard bid battle

By Our New York Staff

BLACK & DECKER, the US power tools group, has agreed to withdraw from the bidding bat-tle for American Standard, leaving a clear field for the \$78 a share, \$2.5bn cash bid from Kelso, a New York leveraged

Kelso will pay Black & Decker \$25m to cover its expenses in the takeover saga which Black & Decker triggered with a \$56 a share bid in January.

The power tool group retains the right, however, to resume its efforts to acquire American Stan-dard if Kelso's bid fails.

In the meantime, Black & Decker undertook to refrain from buying any shares in the maker of plumbing and air con-ditioning equipment.

Analysts had thought Black & Decker's \$77 a share bid might prevail over Kelso's because it expired two weeks earlier.

But Kelso's statement that it would raise its bid if necessary helped persuade Black & Decker to bow out.

### **Judge confirms** April 7 date for Texaco

By Our Financial Staff

US BANKRUPTCY court Judge Howard Schwartzberg yester-day confirmed Texaco's reorganisation plan, allowing the US oil company to emerge from bankruptcy proceedings on April 7.

The judge, sitting in White Plains, New York State, also denied a request by Mr Carl Icalm, the US investor who is Texaco's largest shareholder, to remove certain releases and indemnities from the plan.

### months to acquire Martell of \$521.1m or \$5.46 a share, against France and Tropicana, the US \$423.5m or \$4.45 a year earlier. eign exchange rates. In the US, the Montreal-based

fruit juice maker, has reported a Sales rose 14 per cent to \$3.82bn, company attributed gains to 23 per cent increase in net from \$3.34bn in the previous improved sales of its main spirit income for the year to January year.

**Dominion Textile buys Burlington unit** 

producer of polyester-cotton fab-

variety of industrial applications.

Shortly after Burlington man agement thwarted Dominion's advances, the Montreal-based company snapped up Burling-ton's denim mill for US\$205m.

As well as bringing Apple's evidence into question, Hewlett-Packard vehemently dend Apple ric used for work clothing and on sales of C\$129m.

Two weeks earlier, it had arranged to buy the Wayn-Tex it had ever approached Apple lates two plants in Italy and one in Ireland.

Two weeks earlier, it had arranged to buy the Wayn-Tex bag and carpet liner division of virginia's Waynesboro Textiles in Italy and one in Ireland.

Two weeks earlier, it had arranged to buy the Wayn-Tex bag and carpet liner division of virginia's Waynesboro Textiles in its suit.

Two weeks earlier, it had arranged to buy the Wayn-Tex bag and carpet liner division of virginia's Waynesboro Textiles in its suit.

The Hatton field, where the

March, 1988



### Saab-Scania AB U.S. \$350,000,000 Multiple Option Facility

Bankers Trust International Limited

Lead Managers

**Bankers Trust International Limited** 

Den Danske Bank

Banque Nationale de Paris Mellon Bank

PKbanken

The Mitsubishi Bank, Limited

SwedBank

Co-Lead Managers

The Sanwa Bank, Limited

Crédit Lyonnais

**Credit Suisse** 

Svenska Handelsbanken Group

Amsterdam-Rotterdam Bank N.V.

Banque Paribas

Chase Investment Bank Istituto Bancario San Paolo di Torino

Rabobank Nederland

Kansallis Banking Group

Bankers Trust Company

Den Danske Bank

PKhanken

Citibank AB

Swiss Bank Corporation

The Toyo Trust & Banking Company, Limited

Funds provided by Banque Nationale de Paris Mellon Bank

Crédit Lyonnais The Mitsubishi Bank, Limited

Svenska Handelsbanken Group Amsterdam-Rotterdam Bank N.V. Banque Paribas The Chase Manhattan Bank, N.A. Citibenk AB Credit Suisse Rabobank Nederland Swiss Bank Corporation

SwedBank Istituto Bancario San Paolo di Torino The Sanwa Bank, Limited Kansallis Banking Group

The Toyo Trust & Banking Company,

Amsterdam-Rotterdam Bank N.V.

Tender Panel Members

Banque Paribas The Chase Manhartan Bank, N.A. Citicorp Investment Bank Ltd Crédit Lyonne

Den Danske Bank The Mitsubishi Bank, Limited

Banque Nationale de Paris

Istituto Bancario San Paolo di Torino PK English Trust Co Ltd

Kansallis Banking Group

Mellon Bank The Sanwa Bank, Limited

Swiss Bank Corporation

Rabobank Nederland

**Bankers Trust Company** Facility, Tender Panel & Swingline Agent

The company already runs six line-based Burlington, plants in Europe which produce interlining and non-wovens for a segment thwarted D

DOMINION TEXTILE, Canada's largest textiles company, is to buy Burlington Industries' Klop-man International unit in a deal worth US\$90m. In the year to June 30 1987, earnings from international operations totalled C\$9m (US\$7m) Klopman is a leading European

This announcement is not an offering of the Bonds which have been sold anteppears

U.S. \$100,000,000



# **European Investment Bank**

9% Bonds Due 1998

Prudential-Bache Capital Funding

Banco di Roma

Bankers Trust International Limited

Banque Paribas Capital Markets Limited

Credit Suisse First Boston Limited

**EBC Amro Bank Limited** 

IBJ International Limited

Commerzbank Aktiengesellschaft

Goldman Sachs International Corp.

Merrill Lynch International & Co.

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

S.G. Warburg Securities

SBCI Swiss Bank Corporation Investment banking

Union Bank of Switzerland (Securities) Limited

March 1988

All of these securities having been sold, this advertisement appears as a matter of record only.

\$400,000,000

### **British Gas Finance Inc.**

\$200,000,000

8%% Guaranteed Notes Due 1998

\$200,000,000

91/2% Guaranteed Debentures Due 2018

Guaranteed as to Payment of Principal, Premium, if any, and interest by

### **British Gas plc**

Goldman, Sachs & Co.

**Salomon Brothers Inc** 

Shearson Lehman Hutton Inc.

The First Boston Corporation

**Merrill Lynch Capital Markets** 

Morgan Stanley & Co.

Bear, Steams & Co. Inc.

Daiwa Securities America Inc.

**Deutsche Bank Capital** 

Dillon, Read & Co. Inc. Kidder, Peabody & Co.

Donaldson, Lufkin & Jenrette Kleinwort Benson

**Drexel Burnham Lambert** Lazard Frères & Co.

The Nikko Securities Co.

Nomura Securities International, inc.

PaineWebber Incorporated

Prudential-Bache Capital Funding L.F. Rothschild & Co.

**SBCI Swiss Bank Corporation Investment banking** 

Smith Barney, Harris Upham & Co.

**UBS Securities Inc.** 

Wertheim Schroder & Co. **Dean Witter Capital Markets** 

Wood Gundy Corp.

Yamaichi International (America), Inc.



### **McDermott Marine UK Limited**

Lease Financing of

the Mono-Hull Crane Vessel m.v. McDermott Derrick Barge No. 50 (formerly "Challenger")

Lessor

a subsidiary of

### **Lombard North Central pic**

a member of the National Westminster Group

The undersigned initiated, structured and arranged this transaction

Babcock & Brown

as advisor to

**British Shipbuilders** 

March 1988

### INTL. COMPANIES AND FINANCE

# Springer may face hostile takeover

Axel Springer Verlag, which hold a majority, the authorities group, appeared in danger of falling into unfriendly hands yester-day following the news that Mr Attendards closing price of has been the subject of considerant entrepreneur, who holds 10 per cent of its shares, has agreed to pool his stake with the 259 per pool his stake with the 25.9 per cent held by Mr Franz Burda and Mr Frieder Burda, members of the German publishing family. If, as he has claimed, the reclu-

sive Mr Kirch has a say over a group.

In the latest news ments to the man would control a majority of the According to Mr Bernhard Serva company policy. merger bid with Springer the pre-vious year.

Last July there were reports rows last year. television within the Springer

shares. The Burdas' holding tius, chairman of its supervisory

that Mr Kirch was talking to
Other large shareholders about
the Springer group, Mr Kirch and
co-operating on publishing and
the Burds brothers would seek to
Other large shareholders about
the Burds brothers would seek to appoint five of the company's any monopolies.

Meanwhile, the German Cartel springs from an agreement in board, "the inheritors and execu1983 made after an abortive tors of Axel Springer know how step of contacting Mr Kirch and Burda, who took control of the
merger bid with Springer the preto defend every attack on the the Burdas to clarify their holdfamily's substantial publishing ings and intentions. If they do activities.

According to a statement by Burdas are associated with the

nine supervisory board members, giving them sway over appoint ments to the managing board and the two Burda brothers have liments to the managing board and the two Burda brothers have liments. ited themselves to printing and paper following an agreement with a third brother, Mr Herbert Burda, who took control of the

German metals

West German mining and metals company, is on track for higher profits this financial

year after a 10 per cent rise in turnover during the first half, Mr Dietrich Natus, chairman,

Results so far in the year to September 1988 were above se of the same period in 1986-87 and higher than budgeted, he added. This was the

ase in each of the group's

company sees

earnings rise By Andrew Fisher in Frankfurt METALLGESELLSCHAFT, the

### Skandia takes stake in Vesta

BY SARA WEBB IN STOCKHOLM AND KAREN FOSSLI IN OSLO

SKANDIA, THE leading Swedish insurance company, yesterday stepped up its plans to create a Nordic insurance group when it agreed to take a stake in Vesta, the second largest Norwegian insurance company, in a deal worth NKr1.lbm (\$172.6m).

The move is part of Skandia's strategy to strengthen its standing in the Nordic region in readings for the creation of the EC insurance and insurance company in a deal means a capital increase of NKr1.lbm for Vesta, which last year incurred an operating in the Nordic region in readings for the creation of the EC.

SCHNEIDER, THE privately owned French industrial group, has raised the stakes further in

the battle for Telémécanique by making an outright bid worth

FFr8.8bn (\$1.5bn) for the indus-

trial automation company.
Schneider's new offer of

FFr5,400 a share for all outstanding Télémécanique shares tops the latest offer by Framatome,

the nuclear power group 40 per cent owned by Compagnie Génér-ale d'Electricité. Framatome is

offering FFr4,500 a share for all

Flat gas sales

limit DSM to

latest Schneider offer eloquently reflects the resolve of Mr Didier

ing in the Nordic region in readiness for the creation of the EC insurance groups.

It has recently bought stakes because both companies have a large share of commercial business.

Pohjola, the leading Finnish insurance group, and Kansallis insurance group, and Kansallis insurance group, and Kansallis insurance group, and Kansallis insurance group and Kansallis insurance group and Kansallis insurance group. Vesta is to make a direct share

Vesta has 18 per cent of the dia, and in return the Swedish issue to Skandia which will give non-life insurance market in Northead in group is in negotiations over takthe Swedish group an initial 25 way, 9 per cent of the life busing a 10 per cent stake in Pohjola.

> Net dividends on ordinary shares are to rise from BFr245 to
> BFr255, with a total distribution

amounting to 61 per cent of the

group's net profit.
The consolidated balance sheet

total rose from BFr2.08bn to BFr2.17bn, growth being restrained by the dollar's weak-

ness and a policy of limiting the

use of bankers' deposits.
There was, however, a sharp

three main sectors — raw materials, plant construction and chemicals. Schneider lifts bid for Télémécanique

Mr Natus said: "If no serious negative influences come from outside in the next few months, we can expect a more favourable profit than in the Although financial analysts believe the bidding contest has now reached excessive levels, the However, the new offer puts previous year." The percentage rise would be at least 10 per Schneider in a strong position to clinch the contest against Frama-

In 1986-87, Metaligesells-chaft raised net profits slightly to DM100m (\$59m) from DM98m on turnover down to DM13.3bn from DM14.9bn. This was mainly the result of a reduction in oil trading in anstable markets and lower nickel prices. The company is again paying a dividend of

DM6 per share. Mr Natus said it had been especially difficult to calculate profit expectations for this year. Early in 1986-87, all metal prices were low, although some rose later, and the D-Mark had risen steadily

against the dollar.
But it had been assumed that economic conditions would not change drastically in: 1987-88. "This has been the case in the first few months, with the dollar holding up and the economy remaining at a favourable level."

Metal prices had also recovered - notably those for aluals de Belgique, which directly form a joint venture with owns 13.4 per cent of the bank.

Consolidated nst profits rose to BFr6.4bn (\$181.3m) in 1987 from allation that it was seeking an BFr5.5bn, a climb which the bank ally in case Mr De Benedetti's bid minium, copper and zine with sharp rises for nickel and cadmium. Metall Mining Corporation the new Canadian-based sub

the new Canadian-dased sub-sidiary which groups Metallge-sellschaft's foreign mining activities, had developed well. Among its holdings, Teck, the Vancouver mining concern, was continuing successfully while Cominco, also Canadian, had moved from loss to rising profits.

### **Income slips at** Gist-Brocades

GIST-BROCADES, the Dutch hiotechnology company, said net income fell by 13 per cent to Fl 96m (\$50.5m) in 1987 from Fl 111m the year before because of the strong guilder and disposal of a distillery, Our Amsterdam Staff writes. However, the company said it expected profits to rebound

it expected profits to rebound this year. Developments in the first few months of 1988 led Gist to declare an unchanged dividend of Fl 1.30 per share for 1987. Turnover edged up a modest 2 per cent to Fl 1.64bn in 1987 from Fl 1.8bn.

### after reduced write-downs modest increase BY WILLIAM DAWKINS IN BRUSSELS GENERALE de Bantiue, Beltake no sides in the fight for ownglum's largest commercial bankers of La Générale: ership of La Générale to year's net profits and pronounced any other solution," he told the its independence in the prolonged bank's annual meeting. Last month, the bank agreed to give the profits of the prolonged bank's annual meeting.

reasons the resolve of air luner cinch the comest against Frama-finean-Valencienne, the Schnei-tome, Télémécanique's "white knight." Schneider has already resolved in spite of fierce opposition from the factory auto-mation company's management to control an additional stake and employees and strong reserved.

and employees and strong reser-vations on the part of the French
Government.

Telémécanique, Schneider

for Telémécanique, Schneider

More than 5,000 Telémécanique had made a partial bid of employees staged a demonstra- FFr5,500 a share for 45 per cent of tion near the Elysée Palace in the factory automation company.

Belgian bank group ahead

DSM, THE Dutch state owner chemicals company, lifted its earnings modestly in 1987 following flat gas sales, partly as a result of a deconsolidation in preparation for privatisation.

The company confirmed the its move toward the private sector, via the sale of part of the Government's shareholding. would take place this year. DSM BF75.50n, a climb which the bank attributed to reduced writedowns and depreciation charges. These fell to BF79.5bn from BF711.5bn the previous year.

Mr Jacques Groothaart, the bank's president, confirmed yesterday that it had lent BF725bn to financial holding affiliates of La Générale to help finance the defence against Mr Carlo De said it was waiting on govern-ment legislation and parliamen-

tary approval.

Local expectations are that about 30 per cent of the company will be publicly floated, which would make the issue the biggest initial offering in the history of the Amsterdam Stock Exchange.
DSM's gas activities serve as a channel for state gas revenues and will remain in government hands after the privatisation. From January last year the state's gas revenue has not been consolidated in DSM's turnover, although the company retained its share of operating profits.

Net income rose 7 per cent to F1 442m (\$232.6m) from F1 412m in 1986 following a patchy performance of the company of the c

in 1986 following a patchy performance by various divisions.

Plastics soared on cost-cutting and process improvements and agricultural chemicals halved their losses. However, plastic products fell into the red while chemical products dropped sharply. Turnover was flat, at F1 8.98bn compared with a first state of the Sulzer registered Swiss engineering group, and Mr shares, has been seeking a seat this letter of a 10 per cent stake in view to becoming an active sulser have run into difficulties, rather than passive shareholder. It was announced by both sides a tast month Sulzer disclosed that it had been in talks with Mr Tettamanti, a Lugamo-based that it had been in talks with It had

However, he insisted it was a use of bankers' deposits.

There was, however, a shar tomer and that the bank would jump in private sector lending. Sulzer talks break down

defence against Mr Carlo De Benedetti's takeover bid.



Notice is hereby given that the Rate of Interest has been fused at 8.8125% p.a. and that the interest poyable on the relevant interest Payment Date, tune 23, 1988 against Coupon No. 14 in respect of £5,000 nominal of the Notes will be £110.76.

March 24, 1988, Landon By: Cribank, N.A. (CSSI Dept), Agent Bank

CITIBANCO

### BAWAG **BANK FÜR ARBEIT UND** WIRTSCHAFT A.G. (Incorporated with limited liability in Austria) US\$100,000,000 Subordinated Floating Rate Notes due 2000

In accordance with the terms and conditions of the above-mentioned Notes notice is hereby given that the Rate of Interest has been fixed of 7.1875% per annum and that the interest payable on the relevant interest Payment Date, September 26, 1988 against Coupon No. 7 in respect of US\$10,000 naminal of the Notes will be US\$371.35. March 24, 1988, Landon

By: Citibank, N.A. (CSSI Dept.), Agent Bank

Weekly net asset

value as at 21/3



Santa Barbara Savings and Loan Association

(Incorporated under the laws of the State of California) U.S. \$400,000,000 Collateralized Floating Rate Notes

due September 1996 Notice is hereby given that the Rate of Interest has been flood at 6-9375% p.a. and that the interest payable on the relevant interest Payment Date, June 24, 1988 against Coupon No. 7 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$1,772.92.

March 24, 1988, London By: Chibank, N.A. (CSSI Dept.), Agent Bunk CITIBANCO

Weekly ner asser value on 18/3 America Crowth was US 23.23 **Fund** 

Listed on the Amsterdam Stock Exchange

Pierson, Heldring & Pierson NV. Herengards 214, 1016 BS Amster Tel. + 31 - 20 - 211188.

**Tokyo Pacifić Holdinga** (Seaboard) N.V. was US 168.09 Listed on the Amsterdam Stock Exchange

Pierson, Heldring & Pierson NV. Herengracht 214, 1016 BS Amsterda

Herengrache 214, 1016 p Tel. + 31 - 20 - 211168.

Big losses

on futures

by French

MR YVES LE GUAY has resigned from the chairman-ship of Banque de l'Entreprise, a small Freuch bank speci-alised in the construction industry, following the disclo-sure of heavy losses in the futures markets.

The losses could mount as high as FFr200m (\$35m), wiping out the bank's capital base.

Banque de l'Entreprise's shareholders — mainly a grouping of construction

grouping of construction industry federations — have promised to put up the necessary money to keep the bank going, even though they recently had to raise a sizeable sum to buy control of the sister Banque du Bâtiment et des Travaux Publiques, privatised last year by the French Government.

tored closely by the French

authorities for some months, but supervisors are confident

that the backing of the share-holders will prevent the losses from leading to a banking col-

The futures markets have caused problems to some other French banks. One small regional institution had to be taken over last year by a neighbouring bank after it had run up losses on the Matif, the Paris financial futures market.

Short-term

Swiss Bank

By Stephen Fidler,

instrument by

SWISS BANK Corporation has developed a new type of short-term borrowing pro-gramme for companies in Swit-zerland, which it describes as

bank

# Three further issues in Canadian dollar sector

recent paper.

Three new bonds surfaced yesterday, bringing the week's total so far to C\$440m. Last week's alightly tight. The bond has a 5% C\$900m worth had been widely per cent coupon and par issue pulse on the 10-year deal. It was counted by the lead-manager.

basis, given the continued strength of the Canadian dollar combined with the yield pick-up Canadian dollar bonds provide over US dollar instruments.

However, some of the nervous-ness in US Treasury bonds has spilled over in the Canadian dollar market recently, as it tends to move closely in line with US gov-

A C575m issue for Oesterrei-chische Laenderbank was considered the best of yesterday's trio of bonds, since Austrian bank names tend to attract solid Euronames tend to aftract solid European interest. The five-year 9% per cent bond, led by Canadian Imperial Bank of Commerce, was bid at less 1.85, against 1% per cent fees. It was priced at 101%.

Dealers were less enthusiastic about a C\$150m five-year 9% per cent bond for GMAC Canada, which was launched at a 53 basis point yield spread over Canadian point yield spread over Canadian government bonds. Some said the

issues for Ford, which is seen as an improving credit.

However, Swiss Bank Corporation Investment banking, the lead manager, said its own client base did not view the two motor companies in this way, and GMAC's new bond provided switching opportunities out of earlier deals for the borrower.

bond looked expensive at this

level, compared with outstanding

The deal, priced at 101%, traded at levels around its fees. A C\$40m five-year bond for the City of Bergen, launched on the same terms as GMAC's issue, looked tight although it came too

present. quoted by the lead-manager,
Some dealers argued yesterday, Dentsche Bank, at less 230 bid,
however, that investor interest against 2½ per cent fees, but at
was still strong on a selective lower levels elsewhere.

Prices of domestic bonds rose by up to 65 basis points, triggered by professional short covering.

### INTERNATIONAL

ing tax, expected to be introduced next year, would not be applied to accrued interest on bonds, helped sentiment. D-Mark Eurobonds closed about 10 basis points firmer where changed.

hiatus of about six months, department. Lead-manager Banque Nationale The European Community is de Paris Capital Markets said it issuing a L100th bond in the US had found demand for fixed rate This is not only the Community's

The seven-year par-paiced bond traded comfortably inside its 1% per cent fees at about less 1% in responsibil.

The market also welcomed a in first instruments among in first investors and the initial reaction new DKr300m bond for Postipankki, the Finnish bank, as new last been positive.

It is more than three years Danish kroner issues have been scarce in recent weeks. The four-year 10 per cent bond, priced at 101%, was led by Bankers Trust International with Den Danske International with Den Dansk

tate to elicit much market reaction. Dresduer Bank was the lead-manager.

The main other focus of attention in the market was a DM500m

The community's bond is the level of its total fees.

Nomura International led a pay interest semi-sumually commencing in September this year.

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Nomura International led a pay interest semi-sumually commencing in September this year.

Predential Fig 94 S.D.R. 74, 95 ECU

FLUATORS RATE NOTES

THE FLOW of new Eurobond deal for Lufthausa International, nese hall bearings company. The

has been little recent buying mechanged but in improved turn-interest.

The terms were also seen as year hond for BMW Finance, improved in the grey market to less 2% bid, but late in the day was back to its recent level of

> Wirtschafts-und Privathank led a SFri50m 10-year bond for Land-steiermark, the Austrian state, with a 4% per cent coupon and 100% pricing. It traded at less 2% hid.

> Banque Paribas (Suisse) announced a SFr60m convertible for Bal-Ichi Katei Denki, a Japa-nese consumer electronics com-pany. The bond matures in August 1993 and pays an indicated semi-annual one per cent

Prudential-Bache Capital Funding has announced changes to its equity and bond syndicate departments. Mr Ged Smith, current manager of the fixed interest points firmer where changed.

Elsewhere, a FFr600m 9% per desk, is leaving PBCF and his desk, is

paper despite the political uncer-tainty hanging over the French franc markets.

first financing in lira, but also the first lira-denominated public franc markets.

Bear, Stearns, which is leading the seven-year issue, said it came in response to a growing interest in lira instruments among US

Deutsche Bank led an A\$60m launched, helped by the pro-four-year 12% per cent bond for Creditanstalt, the Austrian bank. The Community's bond is due

the "closest possible equiva-lent to Swiss franc commercial Unilever, the Dutch food an nt concern, will be the first borrower to use the pro-gramme, which will be almed FT INTERNATIONAL BOND SERVICE at retail investors using Swiss Bank's branch network.

The Swiss market suffers from an underdeveloped commercial paper would attract, for example, stamp-duty of 0.2 or 0.3 per cent depending on maturity, enough to make it unattractive

the problem by using book entries to record the transactificates are issued, the programme is exempt from stamp example is exempt from stand-tax. Other companies have expressed interest in using the idea, Swiss Bank says, but Swiss borrowers will not be able to tap the market because of withholding tax.

The size of the programme has not been specified. The investments will be offered continuously but will be limited initially to three and sixmonth maturities. There is a minimum denomination of SFr100,000. Investors in short-term Swiss francs have until how effectively been lim-ited to bank deposits and have had no access to short-term corporate risk.

Even short-term Swiss gov-ernment paper is subject to a 35 per cent withholding tax if bought by non-banks. Deposits in Swiss banks — yielding up to 24, per cent - are subject to withholding tax, although withiniting tax, atthough fiduciary deposits with banks, for placement in the interhank market, are not. They currently yield about 2½ per cent for a six-month deposit.

OZ Zurich Options and Futures, the company set up by BZ Bank Zurich to launch Switzerland's first stock-index option contracts, has raised its first issue to 215,000 call

options, William Duliforce reports from Zurich. The original issue of 150,000 securitised contracts announced last Friday had all announced last Friday had all been taken up by Monday.

They are based on a new OZX index, covering 11 Swiss blue-chip stocks, and entitle the holder to a cash payment in September 1990, if the index exceeds 2,500 points.

Each point of difference

Each point of difference between the actual index and the strike price of 2,500 will be worth SFr1. The index stood at 2,234 last Thursday and would have been at 2,000 at the end of 1987.

On day -0.01 on week 0.00

Con. Con

date price hid fifth day Press
10837 522 97% 98% -0.0, 35.02
17.862 25.25 84% 85% -0.7, 25.02
17.862 25.25 84% 85% -0.7, 25.02
17.862 25.55 67 68 40% 44.7%
487 56.7 180% 160% 40 42 2.6.75
487 56.7 184% 160% 42 -1.27
1487 200. 95% 96% 6 18.44
825 676. 171% 173 -1% 0.34
825 676. 171% 173 -1% 0.34
825 676. 171% 173 -0% 2.75
1887 808. 170% 173% -0% 2.75
1987 69.52 82% 83% 46% 37.99
220. 100% 95% 97 40% 22.6.25
1988 1803. 154% 154% 40% 52.57
488 800. 180% 197% -0% 17.0
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488 801. 180% 197% -0% 197% -0% 10.85
487 1310 227% 229 48% 3.32
1888 3.5 107% 180% -0% 17.0
1877 5.4 97% 98% -0% 20.02
1877 82.87 82.87 81% 82% -0% 30.72

Straight Bonds: The yield is the yield to resemption of the mid-prior; the amount issued is in milities of corresp; units except for Yen bonds where it is billions. Change on week - Change over price a week and on the change of the change o

Offered at a price of SF1300 (\$214), the options will be traded on the Zurich, Geneva and Basle stock exchanges from April 21. An over-the-counter market is already operating, with the

price ranging between SFr310 and SFr320 yesterday.

The OZ options have anticipated the opening of the Swiss Options and Financial Futures Exchange (Soffex), an ambi-tious fully electronic exchange jointly owned by the three

# Brazil debt plan faces important obstacles

declared an interest payments Which banks will be asked to moratorium 13 months ago -important obstacles still stand in

the way, bankers say.

The advisory committee of leading bank creditors hopes to complete within two weeks or so a "term sheet" outlining the proposed bank financing which will then be circulated to other banks. Negotiations with Brazil have been conducted quietly but inten-sively at the annual meeting of the Inter-American Development Bank in Caracas this week and will resume next week in New

Before Caracas, agreement had been reached on a \$5.8bn new loan amount, an interest rate of 1 take part? The "base date" of

• Will the World Bank guarantee the secondary market.

• A related question is how to

What link would there be with the agreements of other creditors? Normally, debtors negotiate first with official creditors and then with banks, whose disburse-

EACH NEW financing for Brazil In this case, banks are negotiations or Mexico, the developing world's ting first and IMF negotiations and re-lending and re-lending programmes be bargest debtors, is crucial for the will begin formally next month. course of Latin America's debt crisis. The \$68th bank rescheduling and loan package now being soon as it is signed, reducing the negotiated with Brazil is no exception.

Despite considerable progress made so far — especially striking board has approved an economic when one remembers that Brazil board has approved an economic pay out any money until the IMF to the principal, instead of putting up new money? This addition to the "menu of options" has declared an interest newments.

MEXICO HAS announced a financial aid plan for Central America including an innova-tive debt relief scheme aimed at helping the war-torn coun-tries rebuild their economies,

Reuter reports from Caracas.
The plan, put to the InterAmerican Development Bank
by Mr Gustavo Petricioli, Mexico's Finance Minister. calls for the refinancing o \$100m owed to Mexico by Costa Rica. It would use a mechanism to share the present discount on Mexico's debt.

percentage point over money market rates, and a 20-year mature rates, and a 20-year ma remain to be decided. They money, although they might long ago have sold their exposure in

of co-financing which would give banks an incentive to take part? riders" — banks which do not This was done, for example, with take part in new money loans but take Argentina's package last year. continue to receive interest.

Banks are keen for it but govern
Bankers expect new incentives to inkers expect new incentives to be attached to "exit bonds" which have been an unattractive option in some recent packages. Moreover, banks which refuse to take part at all may find their loans excluded from eligibility for ments are tied to those of the International Monetary Fund.

debt/equity swaps and other forms of debt conversion.

capitalise interest by adding it on to the principal, instead of put-ting up new money? This addi-tion to the "menu of options" has yet to be discussed fully but a "The idea is that the two countries take advantage of the discounts on debt in sec-ondary markets to their mutual advantage," said Mr Angel Gurria, Mexico's Public Credit Director. Costa Rica has

foreign debt of \$3.8bm This would be the first time such a mechanism had been used between Latin American countries to settle intra-regional debts. Mr Petricioli said the scheme should be extended to other such debts and called on the IADB to help.

> majority of the committee is mportant issues is one overrid-

ing question: Will Mr Mailson da Nobrega, the Brazilian Finance Minister, who has presided over a return to more orthodox thinking on the economy and debt, be able to carry the day at home? He will have to implement

steep cuts in government spending. He argues that "adjustment of the public sector deficit must be done, not to please banks or the IMF but because we are con. as well as other uncertainties to be resolved. Judging by the time vinced that without adjustment there can be no economic stabil-



vant will have the backing of

President Jose Sarney.

Meanwhile, the minister faces an even more immediate prob-lem. Brazil has paid January and February 1988 interest out of its reserves and plans to make the March payment when the term

sheet is completed. Mr da Nobrega, however, wants some form of temporary assistance in paying second-quar-ter interest, since the longer term package will not be concluded before mid-year. He does not want to deplete Brazil's reserves further. He and the banks hotly deny that a "bridge" financing is being contemplated. Bankers are hoping that their reserves posi-tion will be healthy enough to avoid the need for interim meaavoid the need for interim mea-sures, especially as one interim financing agreement is already in place to find last year's interest. It seems possible that govern-ments and a small group of banks might be asked to help after further progress has been made on the longer-term package and in the IMF talks. Time is very short for all these

Time is very short for all these

be resolved. Judging by the time taken to complete previous pack-ages, it would be a remarkable achievement if a full-scale bank agreement and IMF programme But it remains uncertain were wrapped up, as is hoped, by whether, when it comes to the mid-year.

# Hypobank bucks trend with marginal rise

mid Wechselbank (Hypobank), the sixth largest bank in West Germany, confirmed its reputation as the hidden pearl in the country's banking system with a 1.7 per cent rise in group partial operating profits to DM1.08bn (\$648m) for 1987, at a time when most rivals are likely to report most rivals are likely to report sharply lower earnings.
Pre-tax profits at parent bank

level increased by almost 5 per cent to DM530m, while net earnings were up 4.2 per cent at DM209m. The bank is paying a renewed DM12.50 dividend.

Bayerische Vereinsbank, which Commission income fell by only reported its figures earlier this about 5 per cent to DM338m. Hypobank reduced its credit thriving mortgage lending business. Overall, group interest year against 1986. Provisions for

The results warranted "a certain adjective, which goes beyond good, they deserve the qualifica-tion excellent," said Mr Wilhelm Arendts, Hypobank's chief execu-

DM2.1bn.

thriving mortgage lending busi-risk provisions by 25 per cent last ness. Overall, group interest year against 1986. Provisions for income rose by 6 per cent to DM2 lbp exceed the 50 per cent mark. However, it also managed to while cover for certain unspecifavoid the worst pitfalls of Octoied Latin American borrowers is
ber's stock market crash thanks "a good bit higher." Group assets to its relative weight in the bond rose almost 5 per cent to Hypobank, like its neighbour, business rather than equities. DM126bn.

# outside the United States of America and Japan. This ann appears as a matter of record only.

**NEW ISSUE** 

Asahi **ASAHI BREWERIES, LTD.** 

U.S.\$300,000,000

4% per cent. Bonds due 1993

Warrants

to subscribe for shares of common stock of Asahi Breweries, Ltd.

Issue Price 100 per cent.

**Nomura International Limited** 

Sumitomo Finance International

**DKB International Limited ANZ Merchant Bank Limited** 

**Bankers Trust International Limited** Daiwa Bank (Capital Management) Limited Dresdner Bank Aktiengesellschaft KOKUSAI Europe Limited Mitsui Finance International Limited **New Japan Securities Europe Limited** 

Nippon Kangyo Kakumaru (Europe) Limited SBCI Swiss Bank Corporation Sumitomo Trust International Limited

**Toyo Trust International Limited** Universal (U.K.) Limited

**Daiwa Europe Limited IBJ** International Limited

Banca del Gottardo Baring Brothers & Co., Limited **Deutsche Bank Capital Markets Limited Kleinwort Benson Limited** Meiko Europe Limited Mitsui Trust International Limited The Nikko Securities Co., (Europe) Ltd. Norinchukin International Limited Shearson Lehman Brothers International Swiss Volksbank

Union Bank of Switzerland (Securities) Limited Wako International (Europe) Limited

S. G. Warburg Securities

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### INTERNATIONAL COMPANIES AND FINANCE

### Austrian bank lifts operating results

£50,000,000

101/4 per cent. Notes due 1993

Issue Price: 101% per cent.

Hambros Bank Limited

**Bankers Trust International Limited** 

Algemene Bank Nederland N.V.

ASLK-CGER Rank

Banque Bruxelles Lambert S.A.

ternationale à Luxembourg S.A.

Bayerische Vereinsbank Aktiengesellschaf

Chase Investment Bank Limited

Crédit Lyonnais

EBC Amro Bank Limited

Die Erste österreichische Spar-Casse - Bank First Austrian Bank Istituto Bencario San Paolo di Torino

Sumitomo Finance International

Vereins- und Westbank Aktieggesellschaft

Westpac Banking Corporation

# Interim loss of A\$509m for Ariadne Australia

loans and put options, spreading

ing the chief executive's position to Mr Eugene Caffero, a former

By Judy Dempsey in Vienna OESTERREICHISCHE Laender DESTERREICHISCHE Laenderbank, Austria's third largest bank, boosted partial operating profits by 43.9 per cent last year to Sch719.5m (\$60.5m).

Mr Gerhard Wagner, the chairman, announced yesterday that net profits for 1987 had increased months to December.

The troubled investment company has taken write-offs on its holdings exceeding A\$578.2m.

Umusually, it has issued a full balance sheet with its interim

from Schizl.5m to Schi25.8m.
Total assets of the banking group
rose by 3.2 per cent to
Sch247.3m. profit announcement. This shows a tangled web of deals including

to New Zealand and Hong Kong, which have made the group one of the hardest hit in the share The most striking result was in the bank's capital ratio, which rose by 1.34 percentage points to 3.57 per cent, well on target for attaining the 4 per cent legally management changes at the com-pany with Mr Bruce Judge yield-

required by 1991.

Dr Wagner said the bank had not yet decided whether to raise its current share capital of Schl.7bn, on which it is paying out a 12 per cent dividend for the

During 1987, Laenderbank continued to reduce the state's holding, from 60 per cent to 53 per cent. This came through the issue of two tranches of shares worth a nominal Sch150m and

As part of its continued expansion programme, Laenderbank tomorrow opens a representative office in East Berlin, the main aim of which will be to facilitate

Group cash flow increased by 42.7 per cent, to Schl.ibn from Sch713m.

ARIADNE AUSTRALIA, the former stock market high-flier, yesterday disclosed one of the largest corporate losses the country has seen — a A\$508.9m ally realised in due course are retained business activities."

The firm says "Such values Ariadne's debt. Accordingly, it is essential for Ariadne to sell assets in order to reduce debt to assets in order to reduce debt to ally realised in due course are retained business activities."

The firm says that, while dependent on market values at the time of sale."

Arthur Andersen also makes strong mention of Ariadne's heavy borrowings, pointing to

ABOUT 8.5 per cent of FAI Insurances passed through the Australian stock market yesterday, reflecting a disposal by Mr Joseph Gutnick, a Melbourne gold entrepreneur. The parcel, which was sold at around A\$5 a share, was worth some A\$85m. FAI shares jumped 20 cents to A\$5.10.

Chrysler president. The com-pany's fall from grace has also attracted Mr Larry Adler's FAI Insurances to move in with a 26.5 debt of more than A\$1.1bm in the balance sheet and commitments and contingent liabilities of a further A\$180m. "At current interest rates, this level of debt results in Yesterday's report includes a detailed view from accountant of approximately A1150m per Arthur Andersen on the company's affairs. Although it con-tains a disclaimer that the report is not an audit, the firm says that A\$11.6m to A\$20.0m.

Ariadne can be valued on a going concern basis only if it retains the support of its bankers, mainly Bank of New Zealand. It also says Ariadne cannot trade on without large asset sales. in its investment, property and financial services segments are such that these assets will only generate significant cash flows in the foreseeable future through

Arladne directors have decided on an orderly realisation of assets, the strategy requires the interim support of its bankers.

For some investments, Arthur Andersen expresses doubts that even written-down values could

One example given is Ariadne's 36 per cent stake in the Hong Kong-based Impala Pacific, where a provision of A\$108m has been a provision of A\$10m has been made but an additional loan of A\$110m remains outstanding. Another is funds provided to Judge Corporation of New Zealand, also headed by Mr Judge. Ariadne provided A\$43m to Judge and then sold shares in the company for which it has not

company for which it has not been paid. Arthur Andersen is investigating the transactions and Ariadne has provided The overall net loss compare with profits last time of A\$97.8n and came despite growth in revenue to A\$996.8m from A\$604.4m. The result has left the company with accumulated losses totalling A\$377.7m. According to directors

ramain positive at A\$39.2m.

Mr Adler's interests now have
three board seats, while two are
held by a consortium including and says arrange cannot trade on without large asset sales.

"The directors' estimates of net realisable value assume realisation in the ordinary course of business or in an orderly fash-

Surprise payout by Hong Kong TV group

By David Dodwell in Hong

HK-TVB, the Hong Kong broadcasting and entertain-ments group controlled by Sir Run Run Shaw, yesterday reported after-tax profits in 1867 of HKEASSM (USES) Smill a 1987 of HK\$408m (US\$52.3m), a 30 per cent improvement on profits of BK\$314.5m in 1986 and above most market fore-

cial dividend of 55 cents per share, which, taken together with a final dividend of 46 cents and an interim of 18 cents, makes a total for the year of HK\$1.19. This surpasses earnings per share of 97 cents and is likely to consume HK\$231m out of each reserves

HK\$400m. The company made an extraordinary gain in 1987 of HK\$23.3m from the sale of a stake in the South China Morning Post, the local English-language newspaper group now controlled by Mr Rupert Murdoch's News Corporation.

Although it gave no explana-tion for the special dividend, this will provide a substantial sweetener to Mr Alan Boud, the Perth entrepreneur who has accumulated a 30 per cent stake in HK-TVB. Mr Bond learned recently that he might have to trim this holding following a government ruling against foreign ownership of

local television companies.

It is estimated that Mr Bond

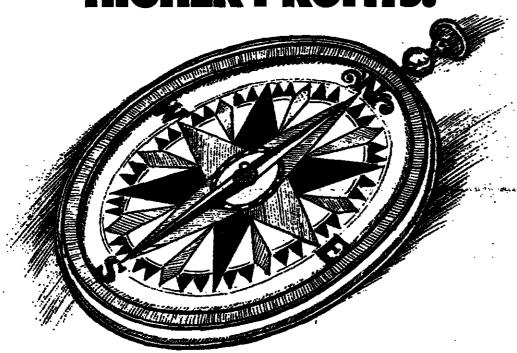
at is estimated that Mr Sond will receive around HK\$30m in dividend payments.

TVB's profits were generated on turnover of HK\$1.33bn compared with HK\$1.13bn. About 70 per cent of the profits are understood to have here generated from televisies. been generated from television broadcasting operations— which include the sale of a large number of Cantonese-

The remainder of the profit was generated by TVB's enter-tainments activities, which include printing and publishing as well as tour operating.

film production, and retailing. It is understood that these operations will have to be hived off from the main group, possibly over the course of the coming year.

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	4db (	CONTRACT .	Rell Year		
	1927	1986	1967	1986	
Transportation	\$ 76.9	\$ 43.4	\$ 229,7	\$ 953	
Energy	42.4	35.6	157.4	55.2	
Porest Products	59. I	22.9	170,9	29.2	
Real Estate and Hotels	11.2	11.2	48.2	43.2	
Manufacturing and Other	2.5	( 30.2)	30.5	( 49.4	
Discontinued Businesses	_	8.7	0.7	( 21.4	
Net income before					
extraordinary items	199.1	91.6	636,7	150.1	
Extraordinary items	(164.5)	102.2	189,4	(230.4	
Net income after					
extraordinary items	\$ 34,6	\$ 193.8	\$ 826.3	\$( 80.3	
Earnings per Ordinary share					
Before extraordinary stems	\$ 0.66	\$ 0.30	\$ 2.12	\$ 0.50	
After extraordinary items	\$ 0.11	\$ 0.65	\$ 2.75	\$( 0.27	

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Interest Period

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U.S.\$4,000,000,000

Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 24th March, 1988 to 24th June, 1988, the Notes will bear interest at the rate of 65t per cent. per annum. Coupon No.7 will therefore be payable on 24th June, 1988, at the rate of US\$8,465.28 from Notes of US\$800,000 nominal and US\$169.31 from Notes of US\$10,000 nominal

> S. G. Warburg & Co. Ltd. Agent Bank

# NZ plans insider trading law

NEW ZEALAND yesterday intro-duced plans to legislate against market has been described by insider trading and improve dis-some as the last frontier of those

insider trading and improve disclosure requirements.

Insider traders could lose their who wish to manipulate the price tail shareholding, of more than 5 per cent, in a listed company or, if in a stockbroking firm, he disqualified from practising. Investors suffering a loss through the activities of an insider trader will have a legal right to compensation.

If Geoffrey Palmer, the Justice Minister, said he did not the processing of the important to have a fair market in which people had a legal right to compensation.

If Geoffrey Palmer, the Justice Minister, said he did not the processing of the practice of the p

tice Minister, said he did not think it was possible to eliminate insider trading completely. How-ever, New Zealand had to lose its reputation of being "the last Wild West show."

Monsanto Australia

disposal

of the US chemicals group, is to sell its commodity chemicals, plastics and resins businesses to Mr Kerry Packer's Consolidated Press Holdings.

No price was disclosed for the deal which leaves Monganto

deal, which leaves Monsanto Australia with its agricultural chemical and specialty chemical operations. The company has ranked as one of Australia's larg-est chemical producers and the country's biggest exporter of

chemicals.

Monsanto said the sale was part of a worldwide policy of concentrating on agricultural products and specialty chemicals while focusing development on pharmaceuticals, biotechnology, recesses controls and electronic process controls and electronic materials.

The businesses bought by Mr Packer's privately held publish-ing and investment group will operate under the name Chem-plex Australia and will be run by existing management. The sale includes Monsanto's holdings in Australian Fluorine Chemicals Revinex Australia and Reverter Industries (NZ).

### Singapore group to make rights issue

UNITED OVERSEAS Land UNITED OVERSEAS Land (UOL), a property and hotel associate of Singapore's United Overseas Bank, is seeking to raise up to \$\$132m (US\$65.5m) through a one-for-two rights issue, Reuter reports from Singapore.

The company announced this yesterday, together with a net deficit of \$\$8.44m for 1967 against profits of \$\$8.44m for 1967 against profits of \$\$8.46m in 1986. Turnover drouped by 22 per pent to

over dropped by 22 per cent to \$\$61.55m.

The rights issue is priced at S\$1.10 a share. UOL shares fell 10 cents on the news to close at S\$1.37. The company said pro-ceeds would be used to "reduce bank borrowings and to take

advantage of investment opportu-nities that may arise."

The offer carries detachable transferable subscription rights which entitle the holder to subscribe over a five-year period for another UOL share at \$\$1.10. The rights will not qualify for the unchanged one cent dividend for

UOB and Orient Leasing of Japan, both substantial share-holders in UOL, have agreed to take up their entitlements. The balance will be underwritten.



the recommendations of the insider trading been in force Securities Commission, which before October, some of the was ordered by the Government last year to investigate the operations of insider traders.

Would not have been possible.

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Application has been made to the Council of The Stock Exchange, for the whole of the above stock ("the stock") to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange two market makers will be offered participation in the marketing of the stock. The Guarantor of the stock is Value and Income Trust plc (Incorporated in Scotland, registered number 50366).

Listing particulars relating to the stock are available in the Extel Statistical Services. Copies of the listing particulars may be obtained during normal business hours on any weekday, Saturday and bank holidays excepted, until 25th March, 1988 from the Company's Announcement Office of The Stock Exchange London EC2 and up to and including 6th April, 1988

**Audax Properties PLC** Marble Arch House 66/68 Seymour Street London W1

de Zoete & Bevan Limited Ebbgate House 2 Swan Lane London EC4

24th March, 1988

Peachey buys EPIC stake

# Koppers raises \$1bn to buy shareholder. loyalty from Beazer

Koppers, the Pittsburgh-based son Lehman Hutton, the Well aggregates and chemicals group Street investment firm, and Nathat is flercely resisting an West Investment Bank aggressive \$1.6bn (2371.69m) bid Professional takeover specula-

arrange a \$1.13bn credit facility and would put up \$500m themselves to help finance a special cash dividend. Koppers would not identify the banks.

The announcement, which adds credibility to Koppers' promise to make a counter-offer to stockholders and remain independent, sent Koppers stock up

Wall Street investors believe that Koppers can probably top the \$56-a-share offer unveiled at the weekend by a group led by Beazer, the Bristol-based aggregates and housebuilding group. Included in the group are Shear-

Professional takeover specula

aggressive \$1.6bn (2871.69m) bid from Beazer of the UK, said yesterday that it had lined up more than \$1bn in financing to win the loyalty of its shareholders with a big cash pay-out.

In a statutory filing in Washington yesterday, the group said that two banks had offered to arrange a \$1.13bn credit facility and would put up \$600m them.

"The offer is competitive with the current Beazer offer," said one arbitrageur. "But it is not competitive if Beazer goes to \$60, which we think it can do."

In Pittsburgh yesterday, feeling ran high among Koppers employ-ees against the Beazer group's bid. In protest against the involvement of Shearson, a sub-sidiary of American Express, a group of employees cut their American Express cards in half and mailed the pieces to Mr James Robinson, chairman of the

Pearson in talks with Spanish financial paper

Cinco Dias, the Spanish finan- said its founder Mr Francisco cial daily confirmed yesterday Gaya wanted to sell half his 89 that it was discussing the sale of per cent stake in Estructura a 44.5 per cent stake in the paper. Grupo de Estudios Economicos, a 44.5 per cent stake in the paper Grupo de Estudios Economicos with a number of European pubthe newspaper's holding com

lishing groups.

The company said it was discussing the sale of a stake with Pearson, the publishing, banking and oil services group which owns the Financial Times, Hachette, the French publishing group and two other French companies it declined to name.

it declined to name.

A spokesman for the paper

A spokesman for the paper

which has a circulation of 24,000

Were broken off some time ago.

Two Spanish entrepreneurs Mr Alberto Cortina and Alberto Alcocer currently hold the bal-

It is believed that Mr Robert Maxwell, publisher of Mirror

### Plessey raises Leigh offer BY DAVID THOMAS

Plessey has increased its friendly offer for Leigh Instruments, a Canadian defence electronics amountacturer, which is also the subject of a hostlle bid from IMP, a Canadian zerospace Plessey the go-ahead to proceed with its offer.

preference share. With its offer requires that the aggregate of per ordinary share remaining ordinary and preference shares unchanged at C\$6.50, Plessey accepting the offer is only 50.1

with its offer.

says the total value of its offer per cent, as against 66.6 per cent has increased from £43.8m to of each class of share under the

### **DIVIDENDS ANNOUNCED**

	Current	ОĹ	ponding	for	last
	payment	payment	_ div _	year	year
	0.15		1.25	2.75	1.75
Aurorafin	2.15	Mon 00	2	3.2	8
Barker (Charles)fin	2.1† 2†	May 26	í	3.2 3.5	î
Barker & Dobsonfin		34 07	2.54 .		8.93
Barratt Devsint		May 27		16.9	14.3
BAT Industriesfin		34 07	8,8		
Breedonfin	4.35	May 27	4*	6.35	5.62*
Britannia Arrowfin	3.2	May 21	3.2	5.5	.5_
Britannic Assfin	27.5	34	24.5	42	35.5
British Mohairfin	6.1	May 31	5.25	7.5	6.5
CLF Holdingsfin	1.16†	May 4	0.9	1.74	1.35
Campari Intin	5t	May 28	2.5	6.5	3
Christy Huntint	0.33	June 30	-		0.4
Computer Peoplefin	2.4	May 27		3.6	-
Cundell Groupfin	2.25	May 20	- <b>-</b> -	2.25	
Delaney Groupfin	2.21	May 23	1.8	3.3	2.7
Early's of Witfin	1	-	1	L315	1.315
Falcon Indsfin	0.75†	-	-	0.75	nil
Gordon Russellfin	4†	-		6	
Hepworth Ceramic.fin	6.3t	-	5.18	9.9	8.28
Matthews (Bern.)fin	1.13		1.13*	1.75	1.75*
Meggitt Holdingslin	1.5†	June 10	1.25	2.25	1.75
Northern Enginfin	3.6†	-	3.6	<b>5.25</b>	5.25
P-E Int national fin	2.4t	<b>M</b> ay 31	2	3.6	3
Randsworth Tst §int	1	May 27	-	-	1
Rentokii Groupfin	2.08	-	1.78	3.28	2.8
Rotorkfin	3.85	-	3.8	7.1	6.5
Schrodersfin	10.5	-	10.5	16.5	18.5
Silkolenefin	5	<b>May</b> 16	3	9	6
Stag Furniturefin	4.25	May 19	3.75	6	5.5
Sunleigh Elect. 5 fin	0.381		0.25	0.56	0.38
Tibbett & Brittfin	3	May 24	23	4.5	1.5
Tootal Groupfin	2.8	-	2.65	4.5	4.25
Trade Indemnityfin	3.4	May 19	2,45	5.6	4.3
lisher (Frank) 5int	2	•	-	Ī	5.5

Woolworth Hidgs \_fin Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. tOn capital increased by rights and or acquisition issues. \$USM stock. \$Unquoted stock. Third market : Sp total for 16 month period fore

# RANVI

	SF	ONSORED	SE	CUR			S
High	Ļsw	Company	Price	Change	Gross Gross	Yleid	P
	133	Ass Brit, Issi, Ordinary	195	0	89	4.6	.73
297	145	Ass. Brit. had CULS	295	6	100	51	
41	3	Armitage and Rights	29	-1	-		
142	4ů	SBS Design group (USM)	55	- 6	21	5.7	8.0
183	138	Bardon Grass	158	Ø	2.7	IJ	27.0
196	95	Bran Testesológies	138		4.7	3.4	11.0
201	130	CCL Gross Ord-sary	250	Ō	115	4.4	6.7
147		CCL Grose 11° Com. Pref	131	. 0	25.1	1.5	_
171		Carborundum Ordonary	132	-1	5.4	41	11-1
134	91	Carporandum 7.5% Pref	101	ō	10.3	102	
207	87	George Blast	209	41	37	1.8	51
143	80	EXGRES	61	ā			_
204	59	Jacosop Grond	92	2	3.4	3.7	20.2
780	300	Must house WV WassSED	338	. 5	10.4		13
91	45	Robert Jeakas	45	ě			24
124	30	Serutions	12404	ā	55	44	31
224	67	Torday & Carliste	198	ă	66	33	
71	22	Trevan Holdings (USM)	67	ă	2.7	4.1	73
263		W.5YLES	263	•1	16.6	63	

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### Budgen the spur for B&D's growth Park lifts MS stake

yesterday reported pre-tax profits of £13.5m in the year to Decem-

Peachey Property Corporation, which raised its contested cash offer for Estates Property Invest-ment Company (EPIC) from 240p

to 260p a share on Monday, announced yesterday it had

bought a 25 per cent stake in EPIC from London Securities, itself an erstwhile predator, wri-

tes Andrew Hill.

The shares were already committed to the Peachey bid, but the sale gives Peachey ownership of about 33.1 per cent of EPIC's share capital. Under the rules of the Takeswer Code it also means

the Takeover Code it also means Peachey must declare the offer

unconditional once it has acquired 50 per cent of EPIC.

Dobson Park Industries yes-This compares with £4.15m in terday bought another 3.3 per cent of MS International to the previous year, and is scored on sales up from £127.1m to £277.8m. During 1987, B&D enjoyed the first full-year contribution from the Budgen supermarket chain, which it acquired in mid-1986. In 1986, Budgen's figures were included for only five raise its stake to 25.9 per cent. The hitterly contested take-over battle between the two diversified mining equipment manufacturers closes tomor-

Dobson Park, meanwhile, last night made a formal com-plaint to the Takeover Panel about the role of stockbroker Cittorp Scrimgeour Vickers, which the bidder believes should be declared as an associate of the MS defence.

Dobson

to 25.9%

clate of the MS defence.

Mr Chris York of Scrimgeours said on Tuesday that Citicorp discretionary clients holding about 15 per cent of MS were unlikely to accept the Dohson Park bid. Mr York has followed MS closely from the days when he worked for its broker, McCaughan Dyson Capel Cure.

Although MS defence docu-ments have quoted his anti-hid circulars, the connection has not been mentioned.

Both sides yesterday iss exhoristions to MS shareholders which broke no new-ground. MS shares closed inchanged at 129p, Ip below the cash offer price. Barker & Dobson, the food (£94.5m), with an operating marretailer and sweets group which gin of 4.87 per cent. B&D underlast month lost an ambitious took 21 major refurbishments in
last month lost an ambitious 1987. and opened three new costs of the Dee bid.

See Doc Comparation 1987. and opened three new costs of the Dee bid.

See Doc Comparation 1987. and opened three new costs of the Dee bid.

See Doc Comparation 1987. and opened three new costs of the Dee bid.

See Doc Comparation 1987. and opened three new costs of the Dee bid.

See Doc Comparation 1987. and opened three new costs of the Dee bid.

On the confectionery side, there was an operating profit of ure also takes in £1.87m of property profits.

The interest charge last yes

was £547,000 (£484,000). At the year end, gearing ran to 52.8 per cent - but that partially reflected some refundable payments made in connection with the Dee bid. The Dee-related factors aside, During 1987, the food retailing gearing would have run out at operations made operating profits about 16 per cent. Tax is \$2.47m of £11.86m on sales of £243.5m (£437,000).

equity and acceptances is com-mitted to the Peachey offer, which closes on April 12.

come of talks with potential offer-

£1.62m (£1.41m) on sales of end is being changed to end-£36.7m (£34.1m). The pre-tax fig- April.

goes up from 1p to 2p, making 3.5p (1p) for the year. The year end is being changed for the part of the state of the part of t

before tax during its battle for Dee, Barker & Dobson caused few surprises yesterday. Most analysts agree that Mr Fletcher still has plenty of scope in rolling out bly be guaranteed an eventful the Budgen programme, and ride.

in only 1 per cent. Where B&D goes next, however, is a moot

more doubtful. Although he plays down immediate speculation, the experience of the Dee bid is unlikely to have dented ambi-tions and shareholders can proba-

point. The availability of poten-tial store sites is not seen as a major problem at present, but whether extending Budgen will contain Mr Fletcher's energies is

Rotork falls to £5.6m

Peachey's announcement, EPIC reported that it had "reached an of valve control equipment, machine tools and cables said the advanced stage" in discussions with a company prepared to offer a higher price. Peachey's final increased offer values EPIC at £63.4m. On Monday EPIC advised shareholders to wait for the outvolume generated by Protech's distribution of Toshiba's Tosdic

mentation subsidiary Pro- machinery, also contributed to

instrumentation subsidiary Protech led to reduced pre-tax profits of £5.64m for the year ending December 31, against £6.32m in 1986, writes Andrew Hill.

The Bath-based manufacturer that the bath-based manufacturer of the bath-based manufacturer and the bath-based manufacturer that the bath-based Turnover rose slightly to £34.2m (£33.2m). Earnings per share fell to 12.4p (13.9p).

Mr Jeremy Lancaster, chairman, said he believed the strategy of integrating Rotork Condistribution of Toshiba's Tosdic range of computer instrumentation failed to compensate for the completion of work on two wars.

In the profit of £2.38m on turnover of £17.52m for the year ended September 30 1987. Bruce's Brewery, for the year ended March 31 1987.

Midsummer pays £6.6m for Bruce's **Brewery** 

Midsummer Leisure, the rap Midsummer Leisure, the rapidly expanding public house, snooker club and discotheque business, is buying Bruce's Brewery, the small chain of pubs in the London area with names like Frog & Firkin and Flounder & Firkin, for £6.6m cash.

Bruce's Brewery, set-up in 1979 by Mr David Bruce and Mrs Louise Bruce, was put on the market last month.

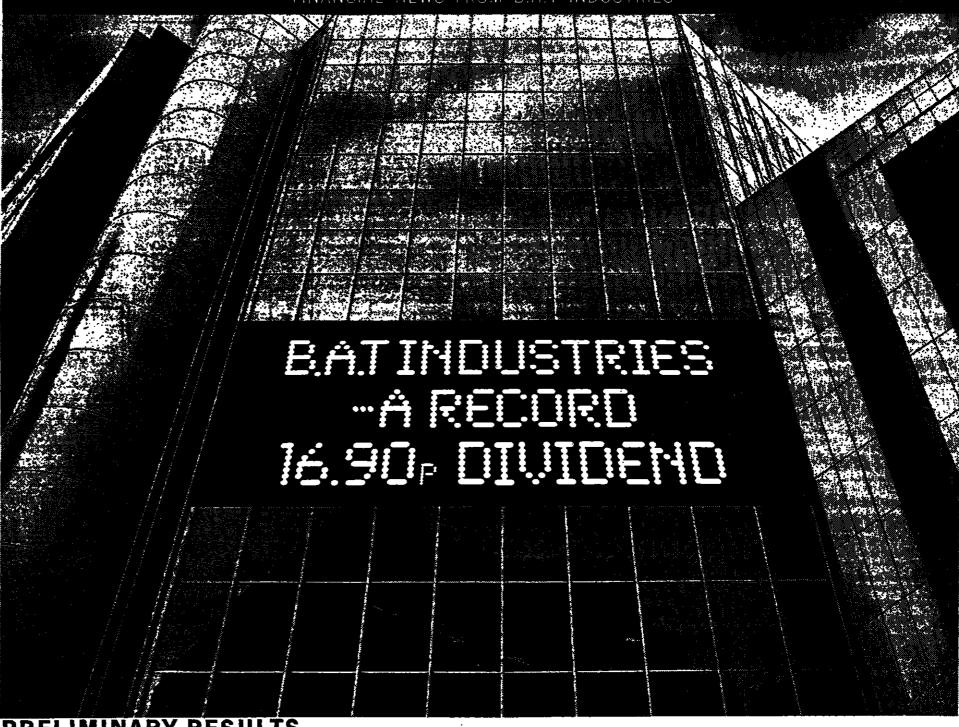
The 11 pubs and one site for development were put out to ten-der, with the brand names Bruce's Brewery and Dogbolter - its potent beer - offered sepa-rately. Bids were due in by April.

last year made an unsuccessful informal takeover approach to Boddington, the Manchester brewer – made its pre-emptive move for the pubs, plus the brand names, which was accepted by

Midsummer has more than 130 outlets, and reported a pre-tax profit of £2.33m on turnover of showed a pre-tax profit of £151,000 on turnover of £2.97m. Poor performances from Lud-EPIC shares rose 3p to close at lam Sysco, the process engineer-ing operation, Jacques, undersea 412p.

The proposed final dividend of £151,000 on turnover of £2.97m.

3.85p. making 7.1p (6.5p) for the year, reflects the company's cau-tious confidence in 1988.



Year to December 1986 £1 = \$1.88 at 31.12.87 (\$1.48 at 31.12.85) **-10%** £19,167m GROUP TURNOVER £17,208m PRE-TAX PROFIT £1,393m £1,394m 53.51p EARNINGS PER SHARE 52.78p --1% DIVIDEND PER SHARE 16.90p 14.30p +18%

Increased dividend underlines Group strength. • Pre-tax profit affected by exchange rate movements (£192m) and stock market collapse (£102m). • Turnover from continuing businesses 5% higher in constant currencies. • Strong cash flow: net debt/equity down to 10%. • In local currencies tobacco did well - with profit increases of 19% at Brown & Williamson and 17% at BATCo. Export success in Japan. • Argos star performance with sales up 23%. Better Horten results. • Marshall Field's raises profits with sales exceeding \$1 billion. • Eucalyptus pulp operations do well but higher prices affect paper profits. • Strong premium growth at Eagle Star: significantly improved underwriting results but profits down after reduced investment gains. • Allied Dunbar another record year, profits doubled at Canada Trustco.



WEAK DOLLAR AFFECTS US EARNINGS AND STOCK MARKET CRASH HITS EAGLE STAR

# BAT shows marginal rise to £1.4bn

unvened only a marginal rise in crash nurt the results of Eagle its annual pre-tax profits to Star, its UK composite insurance £1.394bn, but brushed aside doubts of its ability to take over Fartners Group, the US insurer.

BAT has launched a \$4.5bn move aimed at boosting confidence in its capacity to acquire for Farmers, the group laid a heavier for than usual stress on its stress.

Los Angeles-based Farmers, in an attempt at strategic expansion halance sheet and the positive into US financial services.

Mr Patrick Sheehy, chairman, operations.

dismissed suggestions that the group faced resistance from state in the US fell further, insurance regulators. Queries from 11.7 per cent to 11 per cent, to the continued to appropriate the continued to Though BAT's cigarette market share in the US fell further, insurance regulators. Queries raised by state insurance commissioners were "fair and reasonable" and had been expected. "We anticipate that we will be able to answer them to the complete satisfaction of the states", Worldwide, BAT's pre-tax profits in the 12 months to December 31 were up a mere finn on the 1986 figure, largely because a cent after taking cash halances total dividend 16 per cent to 16.9p.

The biggest snag for BAT was the total dividend 16 per cent to 16.9p.

The biggest snag for BAT was the weakening US dollar. If end-total contribute the weakening US dollar, if end-total contribute the weakening us dollar. If end-total contribute the weakening us dollar, if end-total contribute the weakening us dollar. If end-total contributes the weakening us dollar. If end-total contributes

string of acquisitions.

After a tax charge almost tunchanged at \$226m (38 per cent) and minorities of \$28m, profits attributable to shareholders were tropped one per cent to \$2.78p, but BAT said its "underlying strength" smalled it to reise the strength" enabled it to raise the total dividend 18 per cent to

THE TOBACCO-based multina- weak dollar hit its US earnings into account. The debt/equity fixed was now "the lowest since was down £217m, while retailing to ratio was now "the lowest since was down £217m to £203m.

The second factor depressing to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989," when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting to the results of Eagle 1989, "when BAT was starting t 1969," when BAT was starting to diversify out of tobacco via a the pre-tax earnings was a drop

The crash meant that over the year as a whole its non-life insur-

### **CRH** in **US** joint venture

CRH. Dublin-based building materials group, announced yes-terday that it had entered into a joint venture with US company, Georgia Asphalt and Paving, to

acquire Pike Industries.
Pike, a New England based aggregates, asphalt and paving producer, is being acquired for a total of \$77m (£42m) by Pike

Holdings, a new company which is jointly owned by CRH and Georgia Asphalt.

CRH, formerly Cament Roadstone Holdings, is investing \$11m in equity and preferred stock in the control of the Holdings through its INS Pike Holdings, through its US subsidiary, Oldcastle.

In addition to returns on this equity and preferred stock, CRH will also receive fees for any management services provided and a positive contribution to CRH earnings per share is antici-

CRH also has an option to acquire Georgia Asphalt's inter-est after five years, according to a formula based on future profits. The companies which cur-rently comprise Pike had external sales of \$85m in 1987. The company has recently invested \$5m in a new stone crushing line and \$10m in four asphalt plants.

# Tootal lifts profits by 33% and plans £54m rights issue

terday inveiled plans for a onefor-four rights issue to raise

£24.2m. Part of the money raised
will be used to take sole control

in order to finance the accorded. of Lantor International, the industrial textiles concern, and to fund a second joint venture for

thread in China The group also announced a 33 per cent increase in pre-tax profits to £40.3m in the year to January 31 on turnover which rose by

ary 31 on turnover which rose by 23 per cent to £50km. Karnings per share increased by 9 per cent to 11.34p, or by 34 per cent excluding a special dividend in 1965/87. The board proposes a final dividend of 2.8p making 4.5p (4.25p) for the full year.

Mr Geoffrey Maddrell, chief executive, said that after a successful trading year the group was now in "good shape" and was ready to move into a "new phase of expansion" into areas of high growth. high growth. Tootal set up Lantor in 1956 as

the managing shareholder in a joint venture with West Point-Pepperell of the US. Lantor manufactures non-woven textile prod-ucts for use in industry and in

Mr Maddrell described Lantor as a "fast growth business and

Tootal, the textile group, yes- one which we know inside out."

the thread, office supplies and

sourcing - all performed well. from dampening down its price.

### comment

Tootal has issued so many in order to finance the acquisi-tion Tootal is issuing 55.3m new shares, on a one-for-four basis, at 98p a share. Its shares fell by 99 to 108p yesterday. In addition to funding the Lantor deal, the money will be used to develop

the thread, office supplies and too good to miss. Industrial tex-clothing businesses within tiles is exactly the type of high The cash will also finance the growth, global business that Too group's \$5.5m investment in a tal wants to balance its traditional tartiles. Moreover, having establish a new thread transport freed Lewise from Williams second Crimese joint venture, 10 freed Lantor from WPP, it can establish a new thread yarn mill in northern China.

As for the established interests. Mr Maddrell identified the US. The success of S-C-T seems to and Far Eastern thread busi- have solved Tootal's persistent nesses as successes in the last problems in American Thread financial year, both regions benefited from the availability of low yarn on its US and Far Eastern cost yarn from China. Profits thread margins is entirely from the UK and Australian encouraging. ESL and clothing thread interests fell due to yarn. from the UK and Australian encouraging. SSL and clothing thread interests fell due to rear gamisation. Similarly the contribution from clothing and home-wares was reduced due to restructuring.

The other divisions — office supplies are profits of £45m and a prospective ple of 8% this year. Tootal may supplies, specialised materials thus be just cheap enough to stop the issue of so many more shore from dammening down its price.

itation to any person to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary shares of DC Gardner Group plot the Company '), issued and now being issued, in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. It is expected that dealings in the Unlisted Securities Market will commence on Thursday 51st March 1988.

# DC GARDNER GROUP plc

(Registered in England and Wisles under the Companies Act 1985 Number 1737893)

Placing by

BARCLAYS de ZOETEWEDD

of 1,282,252 Ordinary shares of 5p each at 140p per share

**SHARE CAPITAL** 

**Authorised** £400,000

Ordinary shares of 5p each

Issued, and now being issued, fully paid £280,000

DC Gardner Group plc is an international banking consultancy, whose principal activities are the provision of training and other consultancy services to the banking sector in the UK and overseas.

Particulars relating to the Company are available in the Estel Statistical Services and copies of the Prospectus may be obtained during normal business hours up to and including 6th April, 1988 from:

> DC Gardner Group pic 5-9 New Street London EC2M 4TP

Barclays de Zoete Wedd Limited

Ebbgate House 25wan Lane London EC4R3TS de Zoete & Bevan Limited

Ebbgate House 2 Swan Lane London EC4R3TS

and during normal business hours, up to and including 31st March, 1988, from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A1DD.

24th March, 1988

### **Takeover** operations strengthen **Schroders**

Schroders, the financial services group, increased its dis-closed after-tax profits by 29 per cent to £27.13m in 1967. Mr George Mallinckrodt, executive chairman, described the result as "a considerable achievement in a year of vola-tile market conditions."

Disclosed earnings per share matched pre-tax growth with a 29 per cant rise to 86.3p (67p). An unchanged final dividend of 10.5p gives a total 22 per cant higher at 16.5p (13.5p).

The profits increase from \$22.97m after transfers to

\$20.97m, after transfers to inner reserves, reflected a strong performance by corpo-rate finance operations, espe-cially in cross-border mergers and acquisitions. Schroder Wagg, the merchant bank, also increased its share of the UK

Funds under management rose by £500m to a record £15.5hm, an advance limited by the decline of the dollar. The weakness of the US currency reduced the group's disclosed overall profits by £2.8m.

Concentrating capital mar-lets operations on equity and equity-linked issues, Schroders achieved increased underwrit-ing profits despite a 22m loss on the BP issue.

on the HP issue.

Securities operations, both in the UK and overseas, lost money, although the Hong Kong branch gained market share dramatically in the flight-to-quality after the October crash. Significant costs were incurred in Japan in the run-up to Schroders' forthcoming Tokyo Stock Exchange membership at the end of bership at the end of

in the UK, Schroders has decided to concentrate on research, market-making and

research, manufer companies, especially those whose flotation it has sponsored.

Treasury operations have been able to expitalise on volatile post-crash interest rates, and Wertheim Schroder, the US-based investment bank partnership, made a material contribution to profits.

Sales and swaps of problem overseas loans, as well as further provisions, reduced exposure — net of provisions — to 8.6 per cent of total assets, or about £18m. This compares with a level of more than 2 per cent at the previous year-and.

Eschroders toe good for its own good? Disclosed profits below forecasts is being taken, not unreasonably, as evidence that more than usual has been salted away against a less all, this is one purpose of the inner reserves for which Schroders will fight longer than most. Even on a fall to £25m post-tax, however, the prospective p/e of 11.4 is the highest in the sector. This reflects confidence in the ultra-conservative approach as well as disclosed asset backing of close to £7 a share, against an unchanged market price of 965p. But family control excludes bid speculation, and organic performance alone is unlikely to keep the shares at a premium. Schroders needs somehow to repeat the euroher Issaesih socernami 2001 1987 entry into the Wertheim parinership. Perhaps it could apply those cross-border MAA skills to its own case, with special attention to continental Europe, the only area where it could be accused of being too thin on the ground.

### Stag Furniture doubles profit

Doubled pre-tax profits are reported by Stag Furniture for 1987 from £755,000 to £1.55m on turnover up 11 per cent from £30.56m to £33.97m. An increased final dividend of 4.25p (3.75p) is recome for a total of 8p (5.5p).

Mr Patrick Radford, chairman, said both the Stag and
Jaycee brands had increased their market share.

Delaney grows 72%

Delaney Group, Birmingham-based furniture manufacturer. shed pre-tax profits for 1967 to 22.7m, a 72 per cent rise on the restated figure of £1.58m for 1986. Turnover rose to £20.51m (£14.47m restated). mended a final dividend of 2.2p (1.8p) making a total for the year of 8.3p (2.7p).

### Gordon Russell

Another strong year at Gordon Russell Furniture saw pre-tax profits rise 45 per cent-from £1.81m to £2.62m on turnover of £16.61m (£24.41m). The company manufactures office furniture.

A final dividend of 4p is pro sed, making a total of 6p.

# Woolworth surges £32m but warns on conditions ahead

A WARNING of tougher competitive conditions in UK retailing across the group rose by 18.8 per
accompanied Woolworth Holdings results for the year to January 30.

Mr Geoffrey Mulcahy, group
chief executive, announced a
profit before tax and exceptional
items of £147.2m, up from
£115.2m, and said "we are now
entering an era when trading
conditions across the retail sector
will be tougher." However, he
was confident that Woolworth
the descriptional
items of £147.2m, up from
£17.4m to £20.1m despite difficult
trading conditions as overstocked
was confident that Woolworth
would be one of the winners.

was confident that Woolworth would be one of the winners.

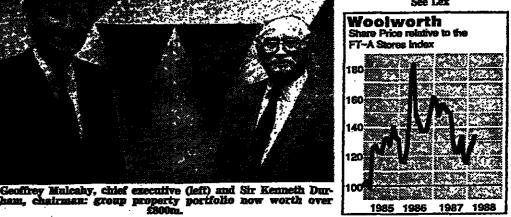
He said that Woolworth would be taking competitive action to increase market share and strengthen its brands. It would also cut costs, make better use of its retail space and develop new businesses.

During 1967-88, the fifth, year since the current management—

The two further acquisitions as overstocked retailing conditions as overstocked retailing cut prices.

In the high street, the Woolworth space into Superdrug stores. Higher debt levels pushed up the interest charge to 236.2m (531.1m).

After tax of £37.6m (£30.5m) earnings per share on a fully diluted basis, and excluding the exceptional item, rose 13.3 per cent to 23.9p (ZI.1p). A final dividend of 6p net is proposed giving a total for the year of 9p (8p).



### Hodgson pays CWS £8m for six funeral businesses

UK's largest funeral company, to sell the businesses, which it had

acquired from House of Fraser last June. Mr Howard Hodgson, chairman of USM-queted Hodgson, outbid about 30 interested parties, including quoted rivals Great Southern Group and Kenyon Sacurities; in a controlled another.

Hodgson Holdings, the UK's second largest funeral director, has bought six Scottish funeral businesses from the Co-operative Wholesale Society for £7.8m.

The purchase will be funded by a £20m share placing, which will also provide cash for further small acquisitions later in the year.

The Mosopolies and Mergers Commission told the Co-op, the UK's largest funeral company, to sell the businesses, which it had

Four funeral directors were bought from the Co-op: Gordon & Watson in Abardeen; Strang & McLagan in Perth and Crieff; JC Williamson in Perth; and William Scott in Falkick.

night at 235pc and

### Cundell advances by 33%

reported a 33 per cent increase in rose from 10.9p to 11p.

pre-tax profits, from 22.05m to Turnover rose to 534.9m

22.73m. The company, which (E29.52m) and sales for the first makes corrugated packaging, quarter of 1988 were ahead of the came to the market last April.

Jones & Shipman, manufac turer of high precision machine tools, announced yesterday a sharp fall in pre-tax profits to £522,000 for the year to end December 1987 from £2.3m the

Jones Shipman

profits setback

previous year. The company attributed the fall to a lower level of demand in the machine tool industry and to continued costs incurred in developing a new range of products the continued and products the continued to the cont ucts to operate under electronic control systems. Mr Frank Brooks, chairman,

said the development programme was vital to ensure the company

was viral to ensure the company continued at the forefront of grinding and honing machine tool technology.

Approximately fim of development costs was charged against profits this year and a similar amount would be required in

The directors recommended a final dividend of 3p per ordinary share, making a total for the year of 4.15p, unchanged from 1986.

Mr Brooks said he would retire Annual General Meeting Mr Leonard Weaver was coopted to the board on March 21as

**FEBRUARY 1988** 

ent annears as a matter of record only.

**NEW ISSUE** 



CLAL FINANCE NV

US\$20,000,000

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Notice to Noteholders of BCE inc.

CAN. \$100,000,000 104%: Suries 2 Noble des 1998 CANL \$300,000.000 19% Series 3 Notes due 1992

Notice is hereby given that:

1. Effective 1st January, 1988, Bell Canada Enlarptiese Inc. has changed its name to BCE inc.

2. The above mentioned Notes will name in listed on the Livernboury Stock Exchange under the com-pany's new same followed by the previous name (i.e. BCC Inc. (Bell Canada Enterprises Inc.)"). Each new notice to Notetolders will ei<del>n</del> both n

3. The Notes will not be stamped nor exchanged for new notes.
4. A legal notice, as well as the arrival notes. emendments to the statutory documents, will be filed with the Luxembourg Stock Exchange.

U.S. \$100,000,000

**Notice** to the holders of the outstanding

9% per cent. Guaranteed Bonds Due 1993 FLETCHER CHALLENGE FINANCE (OVERSEAS) LTD.

Notice is hereby given to the holders of the above Bonds that, at the Meeting of such holders convened by the Notice of Meeting published in the Finencial Times and the Luxemburger Wort on 23rd February, 1988 and held at 71.30 a.m. on 17th March, 1988 at the offices of Linkdaters & Palnes, Barrington House, 59-67 Gresham Street, London EC2V 7.1A, the Extraordinary Resolution set out in such Notice was duly passed. Accordingly the substitution of Fletcher Challenge Finance Netherlands B.V. for Fletcher Challenge Finance (Overseas) Ltd. as Issuer, the modification of the Terms and Conditions of the Bonds and the Flecal modification of the Terms and Conditions of the Bonds and the Fiscal Agency Agreement in respect of the Bonds and the release of Fletcher Challenge Finance (Overseas) Ltd. from its obligations under the Bonds

and under the Fiscal Agency Agreement referred to in such Notice have been made with effect from 17th March, 1988.

Fletcher Challenge Finance (Overseas) Ltd.

# Plastics and heating help boost Hepworth Ceramic

yesterday announced that pre-tax profits rose 47 per cent to £61.23m in 1987. Earnings rose 24 per cent from 17.19p to 21.34p.

The company also announced plans to start making quality facing bricks through a £10m invest.

ing bricks through a £10m invest-ment in a disused factory in Ellistown, Leicestershire. It is aiming for revenue of £10m in 1989 and a 1 per cent share of the market. Hepworth, as the company will be called after approval at the annual meeting, increased sales by 15 per cent from £362.42m to £415.4m in 1987. Leaving aside companies sold or bought during the year, real growth was about

accounting for about 6.5 per cent. Mr Sinclair Thomson, chief executive, said that about half of the £19m growth in pre-tax profits was organic, the rest came from contributions from acquisi-tions less disposed companies. sands, the largest two divisions.

Profits from clayware and were static at £23.7m and £12m, but refractories made £10m - £4m more than 1986, and plastics sands and claywares divisions quick progress on Henderson.

Hepworth Ceramic, the heating surged from £1.5m to £4.im would have been a setback two and building products company, Plastics enjoyed buoyant many years ago; but yesterday the competerday announced that pre-tax ket conditions and increased pany could shrug off its two large-Plastics enjoyed buoyant many sears ago; but yesterday the company could shrug off its two largers and increased market ahare. Refractories were helped by a £600,000 contribution from acquisitions and by the strong performance of British Steel, which takes about 30 per cent of output.

The year started with £7m debt and ended with £40m of cash. Mr Thomson said the cash from disposals and acquisitions balanced each other. The turnround resulted from about £20m of improvements in working capital, including stock reductions, and years ago; but yesterday the company could shrug off its two largers at divisions' stagnation and see thirtish starts and heating, the market was much more interested in plastics and heating, the areas where the management, in place for 18 months, is showing its vaice. Improved marketing and stripping out of overheads was behind the dramatic improvement in plastics and the deach other. The turnround benefits will continue into this resulted from about £20m of improvements in working capital. Since as a pressive but Mr Thomson in the first year. Assuming the acquisition of £8.7m converts into an expensive but Mr Thomson in the first year. Assuming the started the shares on mitted of 9.9p (8.28p).

Comment

The flat performance of the Hepworth could demonstrate

Framlington and Throgmorton is

lington but also on the board of

Throgmorton Trust, a £327m investment trust.

ton, and Framlington, as its

statement. made clear yesterday,

must be without parallel. Indeed, visitors to Framlington have the

curious experience of finding in

the central reception area details of the bid sitting alongside pub-

icity material for the group's investment and unit trusts.

True, City bust-ups are invariably complex and insular, involv-

ing strings of allegiances in a closely-knit community. Seldom,

however, does brother attempt to

broker Laurence Prust, including French banking group.

Mr Stuttaford, formed a unit CCF took control of the institu-Mr Stuttaford, formed a unit trust company. For 15 years, this business grew nicely — particularity on the back of a higher public profile in the mid-1970s, Wenn Department of the institutional equity/corporate finance dent on both market levels and investors' continued allegiance, interest in Framlington. Into the mid-1970s, Wenn Department of the institutional equity/corporate finance dent on both market levels and investors' continued allegiance, are highly volatile; closed-end investment trusts offer some

Laurence Prust links were posing remained a separate partnership.

a problem, despite the fact that Then a year later. Framlington

FRAMLINGTON LOOKS AT OTHER OPTIONS

Finsbury Square office block sits Mr Bill Stuttsford, managing Directors of Framlington, the fund management group, yesterday said that they had considered Monday's £66.3m offer from Throg-morton Trust, but decided not to recommend it. well-respected fund management group, Framlington. A few steps along the corridor are his col-leagues Paul Loach and Bob Sea-brook, fellow directors of Fram-

"In view of the interest shown in Framlington by other parties, the board believes that the interests of shareholders, employees and clients would be best served by a completion of the evaluation of other options which has already started," said there statement.

of other options which has already started," said there statement. The three Framlington directors who are also on the board of Throgmorton Trust took no part in the decision.

Yesterday, Mr Paul Loach, a director of Throgmorton, said the trust was pleased that there had not been an outright rejection and claimed that the offer remains "very good in terms of price". Throgmorton announced that it has acquired a further 150,000 ordinary shares in Framlington. It now owns 2.689m ordinary shares or 9.1 per cent. It also own 4m convertible preference shares, giving it a fully diluted holding of 15.3 per cent. The twist is that Throgmorton is bidding £66.8m for Framling-The situation - certainly the proximity of the combatants -

> Framlington hat, remembers management group whose princi-being visited by one Oxford col-lege who wanted a fund manager; ment trusts worth about £400m. Another pension fund turned up on Laurence Prust's door-step group with its second successful and specifically asked for a unit slug of funds.
>
> As a result of the deal, Throg-

The relationship between rally, saw the advantages. After three Throgmorton directors ramington and Throgmorton is talks with a number of potential joined the enlarged group's Framington was born in the late 1960s when partners in stock-broker Lampane Depart Lampane Depar

nc profile in the mid-1970s, when Dewe Rogerson's Tim Miller Prantington went Laurence stepped on board as marketing director. management to £600m. The However, by the mid-1980s the orthodox stockbroking business

all he could offer was unit trusts. The upshot was an agreed £12.5m Another pension fund turned up bid, providing the unit trust group with its second sizeable

Nikki Tait looks at the background to Framlington's defence against Throgmorton

The scene of a serious family bust-up

Moreover, the pre-Big Bang morton Trust, the largest of the marriage whirl was underway, trusts, eventually ended up with and Laurence Prust, not unnatu
15 per cent of Framlington, and

are clear about the logic - and, are highly volatile; closed-end investment trusts offer some measure of stability. Unit trusts, on the other hand, are a better growth market.

Unfortunately, this happy scenario has foundered on one significant stumbling block — a cula problem, despite the fact that Then, a year later, Framlington inflicant stumbling block — a cultification of the USM.

Then, a year later, Framlington inflicant stumbling block — a cultification of the class of the cold like Phoenix to battle in the hope that a mutually acceptable third methods. Mr Stuttaford freely party purchaser can be found. A



Bill Stuttaford -

politely describes the business as "under-managed", implying scope for wringing additional returns through a more formalised structure and tighter financial con-

Way back in the summer, Both Mr Stuttaford and TIMS when these problems were are clear about the logic — and, already evident, Morgan Grenfell subsidiary Phoenix Securities was called in to advise. Then the crash intervened, only for matters to hot up again as CCF confirmed that it was "reviewing" its Framlington holding in January.

est, he says, have been received. Unfortunately, such solutions - as Mr Stuttaford accepts, would need TIMS' support - and that may be hard to win. Throg-morton Trust, says Mr Loach bluntly, likes an ownership stake in its management company. "We don't want to be part of a big group — we value Framlington's independence."

Inevitably, given the overwhelming presence of practised financial hands, everyone has cards up their sleeves. If ownership of Framlington changes, three of Throgmorton trusts can change their managers - posing the possibility that £550m of Framlington's £1.55bn funds

no quarrel could walk out the door.
Framlington, equally, can admits that the old style is informal, offering a good deal of autonomy and responsibility right down the line. TIMS politely describes the hustrees.

were high enough. Throgmorton might feel obliged to give way. But its own offer – worth 192p a share - suggests an exit multi-ple of perhaps 22 times analysts' forecasts of earnings in the year to June 1988. Some analysts are doubtful about how much further a rival suitor might wish to go in these markets, although the Framlington price, up 6p at 199p, has not ruled out the idea. But the answer may really rest

with CCF and its key block of The bid by Throgmorton on Monday is clearly a pre-emptive move — making clear TIMS preferred solution. Equally, Framlington's rejection is scarcely a make its position clear fairly soon. The one point on which all parties agree is that a public brawl helps no one - not the employees, not the shareholders, and certainly

### Rentokil advances to £38m

ings per share rose 24 per cent to at work.

countries. Profits from UK com-panies totalled £23.24m while the £4.86m (£2.94m). overseas businesses contributed

mental services, up from £28.33m contributed about £1.5m. in 1986. This includes the provision, on a one-off or renewable £174.01m. A final dividend of expansion continues but so does contract basis, of a number of 2.075p makes a 3.275p (2.8p) total services to industry and comtrol; office cleaning; hygiene services - ranging from unblocking

11.86p (9.6p).

The property care division,
Currency fluctuations held which includes woodworm and disappearance of local authority back profits by £1.4m for the dry rot treatment, damp proofing, company, which operates in 36 timber preserving, insulation and in environmental services and

By division, the bulk of profits acquired in 1987 was fairly small,
532.73m - came from environthe 20 companies bought in 1986

These results were pretty market.

Rentokil, the environmental killers, Sanitact, which disposes services and property care group, of sanitary towels, and Sharps, vesterday reported a 20 per cent which collects and incinerates in 1987 pre-tax profits surgical instruments; and the shares closed 40 down at 1989. Property care profits from £31.27m to £37.59m. Earnings per share tree 24 per cent to at work improved from the difficult pate although pest control in the UK f4.86m (f2.94m).

While the contribution to profits of the eight companies Sanitact and Sharps disposal acquired in 1987 was fairly small, businesses. With net cash of just businesses. With net cash of just under £28m, Rentokil will be contributed about £1.5m.

Turnover rose from £166.9m to stitons. Overseas the scope for 174.01m. A final divided to the contributed and the contributed about £1.5m. the battle with currencies, a not insignificant worry. Pre-tax profits forecasts of £44m for this year produces a prospective p/e of about 14, a good premium to the

# Sluggish Aurora lifts dividend

its to 211.48m. Turnover rose by

following a 2.15p final payout, reflecting what the company termed a "more progressive" dividend policy. Earnings per share advanced from 8.54p to 9.26p. Trading profits rose by just \$25,000, to £11.46m. Mr Andrew Wallis, finance director, said the

cutting tool subsidiary.

Fierce competition and costcutting measures had combined to reduce profits by almost film,

rowings by £6.7m at year end.

There is now negligible gearing following the acquisition of West-

£8.5m, but it is possible park for £8.5m, but it is possible that cash resources will soon be swollen by the finalisation of the £15m sale of the Edgar Allen Foundry site in Sheffield.

enough to support more pur-chases - and will be further forthe cost of building a new

# Aurora, the Sheffield based cent higher than it was a year no gearing, even after the net heipeering group, reported a ago; act cash balances and short £8.5m paid, for the industrial

5699,000 to £112.08m.
The dividend for the year is to be raised by 57 per cent to 2.75p

sluggishness of the growth was in part attributable to problems at Osborn Mushet, the company's

Aurora has made an impressive recovery from near catastro-phe in 1983, but yesterday's fig-ures suggest that the group has reached a profits plateau after four years of rationalisation and cost-cutting. It seems that margins, once above 10 per cent, just cannot be squeezed any further, and it becomes necessary to make acquisitions. With virtually activities of Australian National Industries, the Antipodean engineering conglomerate which has taken its holding in Aurora from under 5 to nearly 22 per cent since Hlack Monday.

tified when the Edgar Allen site is finally sold at an estimated year putting the shares on a proattentions are likely to be focussed on the stake-building activities of Australian Nationa

# **P-E** Internationa

MANAGEMENT AND COMPUTER CONSULTANTS

	•		
Summary of 1987 Results	1987 £000's	1986 £000's	
Fees Profit before tax Margin	35,732 3,337 9.3%	24,125 2,220 9.2%	+48% +50%
Earnings per share Dividends per share	14.6p 3.6p	12.0p 3.0p	+22% +20%
Shareholders' funds	13,161	10,293	+28%

### Extracts from Statement by the Chairman, Hugh Lang:

- 1987 was a highly successful year with record results again.
- In June we acquired Inbucon, another major management consultancy.
- In December we acquired Atlantic Consulting, a Dutch search and selection firm.
- We have made a good start to 1988, business conditions remain favourable and we look forward to another year of progress and achievement.

Capies of the full Annual Report and Accounts 1987 and of P-E's annual review Perspective 1938", which will be posted to Shareholders in April, may be obtained from: The Secretary, P-E international pic, Wick Road, Egham, Surrey TW200HW. <u> Telephone: Egham (0784) 34411.</u>

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Yet it's not what we know individually that gives us our edge.

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> And we can draw on a big pool. We've around 2500 people, in forty-five

offices in sixteen countries.

They're our strength. They're highly trained and they're highly approachable.

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Jones Lang Wootton

A world of experience in commercial property

### **UK COMPANY NEWS**

SHARES FALL NEARLY 10% AS PROFITS DISAPPOINT

# Timeshare turnround hits Barratt

SHARES in Barratt Developments, the housebuilding group, fell nearly 10 per cent yesterday, dropping 19p to 216p, after the company amounced interim he-tax profits of £17.2m - below many market estimates. The problem was a £3.6m turn-

round in the group's timeshare division. Adverse publicity about the marketing methods of some fringe timeshare operators severely affected demand and the division lost £1.6m in the first half. However, the company hopes that the division will break even over the year as a whole.

The rest of the group benefited from rising house prices in its various markets. The UK housebuilding division completed slightly fewer houses (3,100 against 3,300) in the first half but the average price per unit incressed from £40,000 to £50,800. Barratt has now achieved its long

barratt has how achieved his long term aim of reducing to 30 per cent the proportion of units it sells to first time buyers. Sir Lawrie Barratt, chairman, said that house price rises were England continued to be difficult. The company now has a UK land



to December 31 were £17.2m (£12.5m) on turnover of £317m (£186.6m). After tax of £6m (£4m). earnings per share was 6.3p (4.8p). The interim dividend is being increased to 2.79p (2.45p).

Judged by the ease with which Barratt's share price fell yesterday, the company's reputation problems of 1983/4 when its relative decline against the FT-All Share Index was some 80 per cent. Some analysts were obviously hoping that the company's traditional second half bias would be reduced and were looking for £19m-£20m; but for the timeshare problems, they might have been proved right The betting remains that Sir Lawrie can pip the previous full year record of 250.3m pre-tax; what happens after that depends on whether one believes that housebuilding is at the peak of the cycle. Supporters of Sir bank covering the next 2% years to four years of output.

Sir Lawrie said that pre-tax Lawrie take the line that if house
The housing market was also profit margins across the group prices outside the South East do strong in California where the improved from 6.7 to 7.9 per cent start to catch up, then Barratt group introduced a new range, and the company would continue will be one of the main companguna Niguel, selling at prices to strive for a target of 10 per of up to \$450,000. Barratt's Calicent.

Pre-tax profits in the half year the best support for the shares. ent. per cent prospective yield will be Pre-tax profits in the half year the best support for the shares.

### Bernard **Matthews** downturn

HIGH GRAIN prices and a drop in whole turkey and chicken sales pushed pre-tax profits at Bernard Matthews, turkey and meat products group, down from film to film for the 53 weeks ended January 3 1988.

The company warned in December that disappointing turkey orders, attributed to strong competition, would hit 1987 profits. Turnover slipped from

£136.5m to £196m.
Other adverse factors cited were inclement weather in the first half and unexpectedly high grain prices in the second half. Mr Bernard Matthews, chairman, said he was pleased to report that grain prices had fallen significantly since the

ing a final dividend of 1.125p, making a total for the year of 1.75p per share. This is 1.75p per share. This is unchanged from 1966 after adjust-ing for a capitalisation issue. After tax of San, earnings per

share were 7.10 (7.5p).

Turkey meat product sales in the UK showed marginal growth although red meat product sales were depressed in the face of price competition from commod-

Mr Matthews said unbridled petitor companies had resulted in high stock carry-over in turkeys but he added that a competitive pricing policy was now stimulating strong demand for Easter.

He said the company was reviewing future policy in the petfood market following discour-

aging research results.

The company has recently adopted a far more aggressive marketing strategy which had proved so successful in boosting sales of added value turkey prod-ucts, it would soon be extended

Distribution arrangements with H.J.Heinz in Canada are due to end shortly but negotiations with another Canadian distributor are at an advanced stage.

The US licensee, Sara Lee, has just installed a pilot plant to test market a range of Bernard Mat-thews products.

comment

The breakdown of the frozen turkey cartel may not have excited much publicity but it certainly triggered a price war from which Bernard Matthews has which bernard matthews has emerged as one of the worstca-sualities. Yesterday's results appear to indicate that the Nor-folk turkey breeder has not been successful in diversifying out of festive fowls. Investors have been waiting some time to see the magic Bernard worked with turmagic Bernard worked with tur-keys and their trimmings boost other products and projects. How-ever, the Top Class pet food flop may well prompt the company to concentrate on its core business. The way ahead could lie in the US although the benefits of the Sara Lee deal will not be through until 1989, Mr Matthews plans an all-out advertising offensive which is bound to take its toll on profits. Current forecasts for a multiple around 11. This appears high given that the outlook is far from "bootiful".

British Mohair ahead

British Mohair Holdings, yarn manufacturer, increased pre-tax profits by 23 per cent to £4.83m for the year to end-December 1987. Turnover rose by £2.1m to £44.1m. Earnings per share improved

by 27 per cent to 23.64p (18.62p). A final dividend of 6.1p makes a total of 7.5p for the year. Mr Charles Fenton, chairman, said improved efficiency helped to produce the good results adding that reorganisation and an encouraging order book made the outlook prunising.



### Federale Mynbou Beperk



### **General Mining Union Corporation Limited**

("Oryx")

Proposed rights offer of ordinary shares in Oryx Gold Holdings Limited

IMPORTANT INFORMATION CONCERNING THE ORYX MINE, INCLUDING FINANCING ARRANGEMENTS.

On 11 March 1988, it was announced that Gencor intends offering by way of rights, approximately R50 million of ordinary shares in Oryx to its ordinary shareholders, 8.5% variable compulsorily convertible cumulative preference shareholders and 12.5% unsecured subordinated compulsorily convertible debentureholders registered as such at the close of business on Thursday, 31 March 1988. Fedrmyn, the controlling shareholder of Gencor, intends renouncing its entitlement to approximately R27 million of Oryx shares, pursuant to the rights offer, in favour of its own ordinary througholders. shareholders, 8.5% variable compulsorily convertible cumulative preference shareholders and 12.5% unsecured subordinated compulsorily convertible debentureholders registered as such at the close of business on Thursday, 31 March 1988.

Further to that announcement, certain important details were disclosed during a presentation in Johannesburg on Wednesday, 23 March 1988. These are set out herein for the benefit of those

One reserves have been estimated independently by three parties. The reserves are estimated

		Total tons milled	Average yield Lite-of-mine
• • • • •		millions	g/t
Professor Danie G. Krige		40	8-2
Dr. Isobal Clark	•	46	8:3
Gencor		44	7-5
- More detail of the Gencor ore		uiated below:	
•	Average Milling	<b>Total tons</b>	Average
	width	milled	yleki
	. <b>CID</b>	millions	g/t
Belsa Mining Area	157	18 ·	7 <del>·</del> 9
Ventures Mining Area	173	26	_ 7.2
Oryx Mine	165	44	_ <del></del>

A higher milling width has been estimated in the Ventures Mining Area to allow for the planned use of trackless mining methods and for higher channel widths.

- Production from the Kalkoenkrans Reef on the No. 1 Shaft System in the Beisa Mining Area is planned to start in July 1991, building up to 70,000 tons milled per month by July 1992 and thereafter to the designed capacity of 100,000 tons milled per month in 1993.

- The designed capacity of the No. 2 Shaft System in the Ventures Mining Area is 120,000 tons

milled per month.

No decision has yet been taken on the start-up date for major capital expenditure on the No.2 Shaft

System in the Ventures Mining Area. Capital costs of the project in June 1967 terms are estimated to be:

Beisa Mining Area (No.1 Shaft System) Ventures Mining Area (No.2 Shaft System)

Total capital cost

R 663 million R1.523 million

Working costs on the No.1 Shaft System, where conventional mining methods will be used, are expected to approximate the industry average. Costs on the No.2 Shaft System, where trackless mining methods are planned, are expected to be 10 per cent to 15 per cent below that of the No. 1

- Through the mechanism of preference shares. Oryx will receive 85 per cent of the distributable profits from the Beisa Mining Area and 97.75 per cent of the distributable profits from the Ventures

- St. Helena Gold Mines Limited, who will develop and operate the Onyx mine as a division of St. Helena, will retain 15 per cent of the distributable profits of the Beisa Mining Area and 2.25 per cent of the distributable profits of the Ventures Mining Area.

The Belsa Mining Area capital expenditure may be written-off against the taxable income of St. Helena. The Ventures Mining Area capital expenditure may be written-off against the taxable income of the Belsa Mining Area.

In consideration for ceding the right to mine to St. Helena, Oryx is entitled to a royalty equal to

- In consideration for ceasing the right at thinks to St. Floration, Orly Alexander to a royalty equal to 15 per cent of the gross revenue from the Oryx mine.

- Uranium produced from the Beisa Reef in the Beisa Mining Area, if any, will not accrue to Oryx, but to a new company, Beisa Oryx (Proprietary) Limited.

- The Trust Bank of Africa Limited, Nedbank Limited and The Standard Bank of South Africa Limited. have agreed to make available, to Oryx, total facilities in excess of R550 million.

Johannesburg 24 March 1988

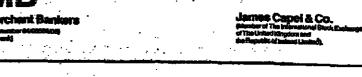
Merchant bankers

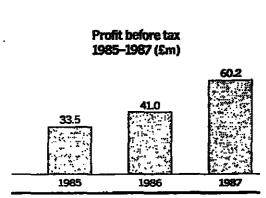
Standard Merchant Bank Limited

Sponsoring brokers



Ed Hern, Rudolph Inc.





Extracts from a statement by the Chairman, Professor Roland Smith.

1987 has been a most successful and busy year for Hepworth with record profits being achieved yet again with all the companies in the group contributing to an outstanding performance as well as important profit contributions from the recently acquired heating and refractory businesses.

Controlled expansion by acquisition has continued in the early months of 1988 with the public offer to acquire The Henderson Group plc which manufactures domestic garage and industrial doors and security products.

It is the board's strategic intention to develop and broaden the involvement of Hepworth in building products that are capable of expansion through improved marketing

Earnings per share

1985-1987 (pence)

and management techniques. Executive management has been strengthened at both corporate and operating levels and I believe that we now have a strong team in place which can fulfill our operational

Trading in the year to date has been excellent and unaudited results show a significant improvement on the equivalent period last year suggesting a favourable outcome for

	SUMMARY OF RESUL	TS .	
	1987 £ million	1986 £ million	Percentage Change
Turnover	415.4	362.4	+14.6%
Profit before tax	60.2	41.0	+46.8%
Profit after tax	39.6	27.5	+44.0%
Earnings per share	21.34p	17.19p	+24.1%
Dividend	9.90p	8.28p	+19.6%

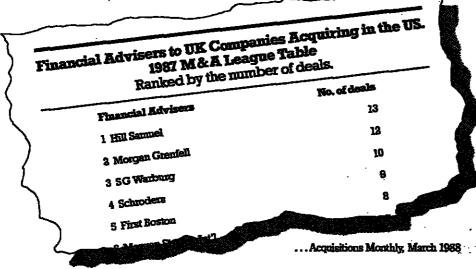
Another year

of record growth

# HEPWORTH

CERAMIC HOLDINGS PLC

Financial Advisers to UK Companies A 1987 M&A League Table Ranked by the number of deals. Financial Advisers 1 Hill Samuel



# Some things don't change

Like everyone else in the City, we have been through a period of unprecedented change in recent months.

But behind the headlines, life for our M and A team remained the same in one important respect.

As the March issue of Acquisitions Monthly reveals, we continue to act on more US deals than any other merchant bank in the UK.



HILL SAMUEL & CO. LIMITED

Number one with clients

### **UK COMPANY NEWS**

# Busy year for Meggitt as profits advance to £16m

This compares with £13.5m for the 14 months ended December 31 gross cash balances of £29m. Mr 1986 and represents an increase of 41 per cent over the annualised 1986 figure of £11.6m.

Mr Ken Coates, managing a paper acquisition, but that this would depend on stock market conditions.

Mr Ken Coates, managing director, said 1987 had been a busy year with the successful integration of Bestobell, which division is still the core business Meggitt acquired in 1986 follow- and contributed £78m to 1987 ing a contested hid battle, plus a series of strategic acquisitions.

Meggitt has sold off most of the overseas outposts of valve and confirmed. Seal maker Bestobell with only The bo

the Zimbabwe operations remaining to be sold. As a result of these disposals, turnover for the year dropped to £167m from £203m in the previ-

assets of the UK technical ser-closer examination of the busivices division of Fisher Controls ness shows this epithet to be less and, also from the Fisher group, than appropriate. All the busi-a controls service centre in West nesses it has so far picked up in its relatively short life fit rather

Mr Coates said the company knocking it into shape with its company's plans to boost Besto was actively looking for acquisicustomary efficiency and discibell margins even further.

Meggitt Holdings, specialist tions, particularly in Europe and engineering group, posted pre-tax in the US and mainly for compaprofits of £16.2m in the year to end December 1987.

The aerospace and defence turnover. A long-awaited major US Defense Department order for

Negretti Aviation was finally The board recommended a final dividend of 1.5p, making a total of 2.25p (1.25p).

### comment:

ous reporting period.

Not too long ago, Meggitt
Meggitt also announced the acquired the acquisition-hungry
acquisition of the business and industrial conglomerate" tag but The total consideration is neatly into Meggitt's complement 5606,000 cash for both operations of specialist engineering firms. which had combined sales of The fight for Bestobell certainly 52.6m and operating profits of paid off and Meggitt's management has been successfully



pline. It would be difficult to pline. It would be difficult to imagine the company setting its sights at any acquisition target in which its expertise would not be put to optimum use. The turn-of-the-year order book was strong although there has been a slight slowing lately. Current forecast for £20m give a prospective multi-ple of around 10. This seems marginally undervalued, given the Meggitt track record and the

# Tibbett & Britten rises 40%

Group, which provides transport and distribution services for the clothing and retail industries, increased by 40 per cent to £4.73m before tax in the year to December 31, compared with

Turnover rose 42 per cent to 251.1m (£36m) and earnings per share were up from 9.1p to 11.6p. Over 90 per cent of last year's revenue growth came from the group's new operating divisions: Dartford Securities (DSL), designer and manager of regional distribution centres for Marks and Spencer; Retail Consolidation tribution operations; and Stor- tolletries and household and con-

tracts, the benefits of which will be seen this year and in 1989." Up to 65 per cent of Tibbett's total business still comes from Dickins clothing companies, including others. Marks and Spencer which provides 40 per cent of the group's

the proportion of turnover from these areas, by increasing the contributions from the grocery,

PROFITS at Tibbett & Britten care, set up to service clothing sumer electricals sectors.

importers and retailers.

Mr. John Harvey, Tibbett's chairman, said yesterday: "Last year we were adding both to the capacity of the company and to its abilities. We also made contracts the benefits of which will."

He said large stores were now increasing sales space by contracting out stock storage and distribution and about 75 per cent of Tibbett's business is now provided by three to seven-year tracts the benefits of which will. contracts from retailers and man ufacturers. The group handles goods produced by Elida Gibbs Dickins & Jones and IBM, amon

> From March 1, Tibbett has been managing two 100,000 sq.ft. warehouses for F.W. Woolworth The group now operates 28 sites and 25m sq.ft. of warehousing.
> The board recommended a
> final dividend of 3p, making 4.5p

### **Computer People ahead**

to the market last May, increased pre-tax profits by 43 per cent to £2.47m for the year to December

Computer People Group, the supplier of temporary and permanent computer staff which came as total of 3.6p for specific posed, making a total of 3.6p for

The directors predict that the ber of consultants, which slowed The increase from £2.73m was on turnover of £36.7m, up 27 per cent from £28.8m. Earnings per current year.



DEVELOPMENTS PLC

INTERIM STATEMENT

Half Year ended 31st Dec. 1986 £M £M 4.0 Profit after taxative 8.5

In the U.K. the Group's core housebuilding operation made further good progress towards restoring profitability to former levels. A good level of demand was experienced in most parts of the country, although Scotland and parts of the North of England continued to be difficult.

The change in marketing strategy to reduce the first-time buyer proportion to 30% was achieved and consequently, average selling prices increased from £40,000 for the comparable period last year, to £50,800 as we met demand for our Premier Collection.

The Group continues to be very acrive in large redevel The Group continues to be very across in large recevesopment and returnsament schemes, through the medium of partnerships with Local Anthorities, Development Corporations and Housing Associations to provide mixed tenure housing. Over half of our housebuilding operations were again generated on Urban and Imper City sites and we are considered our involvement in urban regeneration will gain measuring

Housing land supply amonion continues to be a real concern but we have achieved some success and a number of excellent new sites in areas of proven demand have been acquired. We have maintained our land bank at over two years supply.

Our Californian subsidiary experienced good market conditions and produced a useful contribution to profit. Good progress was made during the balf year in acquiring some excellent sites which have really strengthened our forward land supply, and which will come through to development during the year. A new range of product has been enroduced, selling at prices up to \$450,000, which has been well received.

the time-share industry sufficed during the period from adverse media comment levelled mainly at fringe operators. As Europe's largest lessure property company, our sub-idiary was inevitably affected and suffered a loss. Action is being taken within the military to redress the sensition. Within the company we are working to improve still further our product, which is already recognized to be of superior quality. An improved contribution from our property investment subsidiary was obtained, but it remains our policy that no material commercial or industrial development will be carried out in the foresceable future.

The Group has recently supposed as funding arrangements for the medium-term by recars of a L100 million five year multi-option facility, underwritten by the seven stator U.K. Banks. This associated facility is further evidence of the great confidence the

The Directors are confident that the Company's commitment to quality will ensure that the recovery in profitability achieved during the first set mouths will continue throughout the year. The Board have declared a dividend of 2.79p per starre, (last year 2.54p per starre). The dividend will be paid on the 27th May, 1988 to shareholders on the register at close of business on the 29th April, 1988.

Sir Lawrie Barratt

Rate of dividend propo

23rd March, 1988

# Campari more

Camparl International, the sporting leisurewear and camping equipment company, more than doubled pre-tax profits from for the year against 3p in 1986. The directors say that world-wide sourcing of products contin-

design department work and an excellent performance by the sales team is reflected in a healthy forward order book. Campari had been making

Earnings per share, on the

per cent from 19.5p to 35.42p.

# (2.3p) for the year.

than doubled November 30 1987 on turnover up 15 per cent from 230.96m to 235.54m. A final dividend of 5p has been proposed, making 6.5p ues, and that the results of active

increased capital following a rights issue in May, were up 82

steady losses since 1982 - largely because of high interest charges on very heavy debts - until Mr Ake Nordin, a Swedish entrepre-neur, took a 48 per cent stake in

tion, with the number of core businesses fluctuating from one results announ another. At last, the talk seems to have been translated into action under Mr David Norman, and future energies will be concentrated on PR, head-hunting and advertising after the divestment of the loss-making marketing service companies. As Mr Norman conceded yesterday, this reorien-tation of priorities and restructuring of the management is unlikely to make any positive impact on the profit and loss account until the second half of the year. So, after flat interims, analysis expect a recovery to £4.75m for the full year, putting the shares on a prospective multiple of 912. For a "special situation" that is not high, but the shares are unlikely to outperform until the run up to the figures in a vear's time.

Charles

Barker

shortfall

at £2.55m

Charles Barker, the advertis-

ing and communications group founded in 1812, yesterday blamed a "fundamental reor-ganisation" for a 28 per cent

decline in its 1987 pre-tax prof-

According to Mr David Nor-man, the "new-broom" chair-

man and chief-executive

appointed on Decamber 1 last year, "the nettle has been

grasped". Six loss-making sub-sidiaries have been closed,

management restructured and the advertising agency, Ayer Barker, relocated.

marked improvement in profit-ability," said Mr Norman yes-terday. He warned however

that this was unlikely to show through in the first half of the

year: "it takes twelve months

to turn the tanker round."

At the trading level, profits

moved up from £3.3m to £4.25m, principally because of a strong performance from the

bent International, the con

pany bought at the time of Barker's flotation in May 1986.

for 58 per cent of operating profits; the contribution from

advertising and public rela-tions was not disclosed.

The six disbanded busi-

nesses, all in the "below the line" sector, collectively lost £563,000; taxable profits were depressed further by an excep-tional item of £942,000 arising

through the costs of reorgani

sation and redundancy. Fully diluted earnings per

share fell from 8.9p to 5.1p

but after a final payment of 2.1p per share, the full year dividend of 3.2p is 6.7 per cent

Ever since Charles Barker oined the market nearly two

years ago, there has been much talk about reorganisa-

"Given reasonable trading conditions, 1988 should see a

Yearling bonds

Yearling bonds totalling \$1.25m at 9\(\frac{1}{2}\) per cent, redeemable on March 29 1989, have been issued by the following local authorities. Northavon District Council £0.25m; Swansea (City of) £1m.

### Sunleigh jumps to £1.7m

ing group, jumped 68 per cent in idend of 0.375p (0.25p) to make a 1987 to £1.72m. This was up from total of 0.5825p, up 50 per cent on 1986's actual result of £620,000, 1986's 0.375p.

Since restated at £1.03m to Mr Tony Merryweather, chairinclude the corresponding figures man, said the policy of improving for PJO Industrial and Powak profitability by better utilisation addy International acquired in of resources in previously under-

PRE-TAX profits for Sunleigh higher at 2.86p (1.97p restated, Electronics, the USM-quoted electronic manufacture ommended an increased final divergence of the commended an increased final divergence of the commended and in

June and July respectively. performing companies and Turnover moved up 39 per cent encouraging the growth of young to £13.98m (£10.06m restated, dynamic businesses in the group £5.63m actual) and earnings per had produced a highly satisfactor to the year.

# **BOARD MEETINGS**

neetings are usually held for the porpose of considering devicends. Official Indications are	Interime-	
ot available as to whether the dividends are thereis or finals and the sub-divisions shown show are based mainly on last year's time- ables.	Biordroim Extensions	Mer 31 Apr 15 Apr 5
TOGAY  TOGAY  TOGAY  TOGAY  TOGAT  TO	Aspan Communications Shan Carcle Industries Erith Fittedow Stickeley F	Mer 25 Apr 15 Apr 6 Apr 20 Apr 5 Mer 25 Mer 30 Mer 30 Mer 30 Mer 30 Mer 32
Total Target Till and Target	William Systems	Attr 12

Public W	orks/	LO	an b	oarc	i ra	ites
	Effec	rive Ma	rela 23			
	Quota los	فتحوي وم	Nos-quot	a house At h	gald	
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Tears	at corr.	A) I	-	# CIFT	AD	_
[1			8%	•		9%
Over 1 up to 2	8%	87/4	8%	9%	9%	9%
Over 2 up to 3	8%	8%	. 9	9%	9%	9%
Over 3 ap to 4	9	9 .	. 9%	10	10 .	9%
Over 4 up to 5	9	9	9%	10	18	9%
Over 5 up to 6	9	91/6	91/2	91/2	9%	9%
Over 6 sp to 7	9%	9%	9%	9%	9%	9%
	1.17	9%	9%	9%	9%	9%
Orer 7 up to 8		91/2	9%	9%	9%	10
Over 8 up to 9		9%	9%	9%	9%	10
Over 9 ap to 10	9%		9%		974 10	9%
Over 10 up to 15		9%		9%		9%
Over 15 up to 25		9%	9%	9%	9%	
Orer 25	9%	9%	9%	9%	9%	9%
Non-quota loans	Barelpe	r cent h	iliper no c	ecticate	than p	on-drois
loans A. †Equal instalm	ents of pri	ocipal. †	Repayme	not by bal	s-yearly	y annuity
l/fixed coust half-vearly	payments	to inclu	ide princip	sal and i	nterest)	. § With
half-yearly payments of	interest of	nly.	<del>.</del> .		٠.	_
		-				-



# **Britannia Arrow**

1987 Preliminary Results

### **PROFITS UP 42 PER CENT**

	1987	1986
Pre-tax profits	£41.8m	£29.5m
Earnings per share fully diluted	13.0p 11.9p	11.4p 10.4p
Extraordinary profits	£32.1m	£4.6m
Ordinary dividend	5.5p net	5.0p net
Funds under management at year-end	£15,750m	£15,850m

Pre-tax profits are up by 42% over 1986, with earnings per share up by 14%. Extraordinary profits after taxation amounted to £32.1 million arising largely from the sale of the controlling interest in Singer & Friedlander.

The Group has strong cash reserves which makes it well placed to take advantage of opportunities as and when they arise.

Commenting on the preliminary results for 1987, Lord Rippon of Hexham, the Chairman, said:-

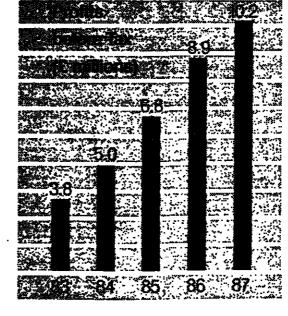
"In the light of recent events we have thought it prudent to take a conservative view in limiting the increase in the ordinary dividend to 10%, although the October fall in Stock Market prices did not affect us materially.

I am glad to say that 1988 has started well and I am confident that Britannia Arrow, with its strong balance sheet, will continue to advance and grow."

> The accounts of the Group will be posted to shareholders on Wednesday, 27th April, 1988, and the Annual General Meeting will be held on Friday, 20th May, 1988. For a copy of the accounts please write to:

# **Royal Trust Bank**

# A year of marked progress with profits up 15% in 1987



- 45% increase in capital base to £107 million
- 27% increase in total assets to £1.5 billion
- 22% increase in deposits to over £1 billion

"The considerable growth that has been achieved by Royal Trust Bank in recent years was maintained last year. Operating results improved once again while the underlying trend of business development continued to strengthen the position of the Bank for the future." Nigel Robson, Chairman of Royal Trust Bank. in his report for 1987.

Royal Trust Bank is a wholly-owned subsidiary of Royal Trust, Canada's largest trust company with total assets under administration of C\$ 84 billion worldwide. One of the most conservatively capitalized financial institutions in North America. Royal Trust's long term debt is rated AA. The Canadian parent company has unlimited liability for Royal Trust Bank.

Royal Trust Bank, from offices in London. Manchester, Ipswich, Leeds and shortly Bristol, provides a wide range of banking and financial services to corporations, professional partnerships and private clients. These services include commercial lending, corporate finance, treasury, corporate trust, global custody, property finance (residential and commercial mortgages, development finance) private banking and advice on personal tax and estates.

Copies of the 1987 Annual Report of Royal Trust Bank can be obtained from the Company Secretary at the London address below.



Royal Trust Bank, Royal Trust House, 48/50 Cannon Street, London EC4N SLD. Talephone: 01-235 5044, Talex: 8952879. Faceimile: 01-248 0828.

Offices in Manchester (061) \$32 3033 ipswich (0473) 237223 and Leeds (0532) 451869.

**Overseas** 

sales help

Usher

By Alice Rawsthorn

boost Frank

Frank Usher, the USM-quoted

evening wear manufacturer.

yesterday announced a 9 per

cent increase in annual pre-tax

profits to \$1.7m. Turnover rose

by 31 per cent to £13.4m.
Mrs Anne Bruh, managing

### **UK COMPANY NEWS**

# **Preliminary Results 1987**

### Highlights from the Chairman's statement

- \* Profit up 38% at £32.2m
  - increased contribution from both UK and overseas companies
- \* Order intake
  - up 12% to £723m
  - third consecutive year of growth
  - UK exports up 38% to £162m
- \* Marked improvement in margins particularly in Materials Handling
- \* Liquidity
  - gearing improved to 20%

**Terry Harrison, Chairman** 23rd March 1988

RESULTS

**PREMIUM INCOME £m** 

**POLICYHOLDERS'** SURPLUS £m

STOCKHOLDERS'

SURPLUS £m

NET

DIVIDEND

**ANOTHER EXCELLENT INNINGS** 

FROM BRITANNIC

Britannic

Assurance

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COMMERZBANK

# **Northern Engineering Industries**

Northern Engineering Industries plc NEI House, Regent Centre, Newcastle upon Tyne, England NE3 3SB Tel: Tyneside 091 284 3191 Telex: 537900 (NEI NCLG)

# Britannia Arrow advances 42%

BY CLAY HARRIS

Britannia Arrow Holdings, the fund management and financial fall services group, increased pre-tax riall profits by 41.6 per cent to \$41.8m cash in 1987, although growth slowed in the second half because of the ties.

profits from insurance activities and unexpected exceptional

Britannia left its final dividend unchanged at 3.2p, to make a total 10 per cent higher at 5.5p (5p). Lord Rippon, chairman, said: "In the light of recent events, we have thought it prudent to the said: dent to take a conservative

By year-end, Britannia had £15.75bn in funds under manage-ment, only £100,000 less than 12 months previously, but nearly 23bn below the June 30 figure reported at the interim stage. Britannia's use of year-end exchange rates magnified the effect of the dollar's decline — which cut the value of managed funds by an estimated 13bn.

Lord Rippon said the October fall in share prices had not materially affected Britannia, whose cash reserves left it well placed to take advantage of opportuni-

I think the next area for The result was below most expansion is Europe ahead of market forecasts, largely 1992," Lord Rippon said. Britan-reflecting a 50 per cent fall in nia might consider collaborative joint ventures, he said, but "we have the cash resources to undertake an acquisition if that appears to be the best route."

The pre-tax increase from \$29.5m was achieved on turnover, excluding banking and insurance, of £1.26bn (£854m).

At the pre-tax level the contribution from insurance fell from £972,000 to £455,000, reflecting a direct charge for the unrealised post-crash losses on NEL's share portfolio. In two newer insurance ventures, Brittania took a £603,000 exceptional charge for product development costs.

Britannia also made a £1.02m exceptional provision against a £2.5m pre-crash loan to a share option trust.



lander and of its former City year or so.

offices less investment losses of 22.14m and other miscellaneous

Earnings per share rose by 14 per cent to 13p (11.4p), or to 11.9p (10.4p) fully diluted.

### comment

Britannia's fortunes are highly eared to the market. In the beence of an early, sustainable bull run, that is not good news. In some areas (flat unit trust sales, enforced changes in pric-ing) its plight is shared by com-petitors. Its US exposure — back to more than 50 per cent of investment turnover - is a hand-icap now, but that perception could quickly change. The group's first full year of MIM and Lord Rippon: Europe is next area for expansion

Interest payable fell to £2.6m (£3.8m), but overheads rose to £1.74m (£1.71m). Tax took £11.56m less, a cantious view limits a pre-£1.74m (£1.71m). Tax took £11.56m less, a cantious view limits a pre-£1.74m (£1.72m). An extraordinary credit of £32.1m (£4.65m) comprised the will underpin the price, but £34.6m profit on the sale of Britannia's stake in Singer & Fried the last increase in pay-out for a lander and of its former City year or so.

director, said that the com-puny had enjoyed a good year for trading and had made progress both in the home market and overseas. The business was, however, disrupted by its move from the West End of London to a new headquarters in West Hendon, north-west London. The move created unexpected problems for staffing and facilities. The extra cost incurred is expressed in the results as an exceptional item of £85,000. Rarnings per share for the year fell to 14.4p (14.7p).

In the year to January 31, the company made operating profits of £1.8m (£1.6m). It paid £92,000 (£114,000) in interest and £556,000 (£517,000) in taxation. The heard proposes to pay a second interim dividend of 2p and plans to recommend a final dividend of at least 4p for the 16 months to May 31. This makes a total of an compared makes a total of Sp. cor with 5.5p for the year to January 31 1987.

Frank Usher now gleans just under half of its turnover overseas. West Germany is established as its biggest market. Mrs Bruh said that she did not expect the company to be affected by the recent rise of sterling because it had bought currencies forward to reduce its exposure.

The company is now negotia-ting to begin licensing agree-ments with established manu-facturers in markets like the US and Japan, which it does not have enough capacity to

# Rationalisation helps NEI reach £32.2m

**Trade Indemnity in** 

advertising drive

from a two-year rationalisation company virtually all the beneath increase in pre-tax profits last year to £22.2m (£23.2m).

23.600 was now completed.

The programme had given the company virtually all the benefits it had expected from it, Mr increase in pre-tax profits last year to £22.2m (£23.2m).

The profit and sales figures be more acquisitions, indicating were largely in line with expectathat they were likely to be in the tions. However, NEI's share field of ancillary equipment and price, which had risen over the past month slid back yesterday from 1099 to close at 102p.

NEI's turnover will fall again substantially this year. The

year to £32.2m (£23.2m).

Turnover for the Newcastlebased heavy engineering group was sharply down from £937.5m to £804.6m.

NEI recently purchased the Victor Products mining equipment business, signalling a more acquisitive outlook after years of retrenchment.

Mr Harrison said there would

from 109p to close at 102p.

Mr Terry Harrison, chairman and chief executive, said the rationalisation programme in which 14 businesses had been closed or sold and worldwide employment reduced by 6,200 to

Order intake last year tracts in Sandia Arabia and a improved to \$723m from \$848m in recent turbine contract in Hong 1986 and the group indicates that Kong. Ancillary work on power it should rise to more than \$750m stations, like desulphurisation may be on the horizon. But the workee 6.23p last year as against workies persist that NEI does 4.23p in 1986. A final dividend of 3.65p per share is being recommended following an interim dividend of 1.65p.

comment

No one doubts that the rationalisation and management restructuring has been good and handied very well and a big
investment programme has revolutionised some of the group's
plants. There have been some significant successes, including conitracts for big ship lifts, a breakthrough into Army bridging
systems, power distribution congins will come from other than in
materials handling, and new
power station countracts in the
tooks until 1990. The contribuaccounted for more than at the
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contracts in the
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tooks until 1990. The contribuaccounted for more than in
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taken into account. There is a problem of where improved margins will come from other than in

when the £5m pension holiday is

### UK ECONOMIC INDICATORS

BRITAIN'S biggest credit insurer, Trade Indemnity, is to spend firm on an advertising campaign in the early to mid-1980s it prostanting next month aimed at the estimated 80,000 medium to large companies which lack insurance spainst bad debias.

If amnounced the move yester was business franchise - credit insurance where it has few substanting as it reported 1887 preferr weapons in its arminury are a profits up 12.2 per cent at find competitoris. Among the day as it reported 1887 preferr weapons in its arminury are a profits up 12.2 per cent at find competitoris. Among the day as it reported 1887 preferr weapons in its arminury are a profits up 12.2 per cent at find competitoris. Among the day as it reported 1887 preferr weapons in its arminury are a profits up 12.2 per cent at find competitoris. Among the day as it reported 1887 preferr weapons in its arminury are a find or in the certy to mid-1980s. Among the early to mid-1980s it produced underwriting profits. Its secret is skilled exploitation of a business franchise - credit insurance where it has few substanting the early to mid-1980s it produced underwriting profits. Its secret is akilled exploitation of a business franchise - credit insurance where it has few substanting the epi-damic of British business failures in the early to mid-1980s it produced underwriting profits. Its secret is akilled exploitation of a business franchise - credit insurance and competitoris. Among the day are a for a find of the profits are a find of the early to mid-1980s it produced underwriting profits. Its secret is akilled exploitation of a business franchise - credit insurance in the early to mid-1980s it produced underwriting profits. Its secret is akilled exploitation of a business franchise - credit insurance in the early to mid-1980s it profits. Its secret is akilled exploitation of a business franchise - credit insurance in the early to mid-1980s it profits. Its secret is akilled exploitation of a business franchise - credit insurance in the early to mid-1980s it profi 111.8 112.2 114.0 115.1 113.2 114.9 114.9 114.9 115.1 115.5 125.4 128.3 131.6 133.4 131.0 132.0 133.0 123.6 133.5 156.9 165.9 171.8 216.8 178.4 171.9 170.9 190.8 198.8 244.9 176.0 1148 2,565 2,531 OUTPUT-By market sector; con 117.9 118.0 118.7 119.1 118.7 118.5 117.8 119.4 119.2 118.6 108.2 104.7 108.1 109.8 105.0 106.0 110.0 109.0 109.0 111.6 114.5 119.9 120.8 121.6 123.0 121.0 123.0 119.9 121.0 129.0 115.0 119.3 109.0 137.0

249.5 247.9 Export credit insurance prensium income at Trade Indemnity
has grown from £1.55m in 1984 to
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shared with shared w has grown from £1.55m in 1984 to
£3.64m in 1986 and £5.228m last worked to motivate staff by
year, and the company believes
an annual growth rate of 30 per
cent is £6ashle.

Earnings per share rose 22.4 only defect has been a failure to
per cent to £2.47p last year, and
the group is raising the total dividend 30 per cent to 5.6p.

Comment

Trade Indemnity is a reproof to

insurers in the US is that it has
worked to motivate staff by
encouraging employee share
ownership: 30 per cent of its 400
people own some of its equity. Its
being addressed. And with 1987
showing a 25 per cent fall in
insolvencies in the UK, Trade
Indemnity believes the rate of
business failures has plateaued.
Unfortunately for the investing Trade Indemnity is a reproof to Unfortunately for the investing much of the rest of the insurance public, the group is 79 per cent industry. It is such a model of owned by seven hig insurers, how a non-life insurer should be They are not selling. EXTERNAL TRADE-Indices of export and import volume (1980 = 100); visible balance current belance (5m); oil balance (3m); terms of trade (1980 = 100); official reserves.

2514 |T The Hague (The Netherlands) 1987 DEVIDERED

On March 23, 1986 at the Annual General Meeting of Shareholders the dividend for the financial year 1987 was fixed at Dfl. 8 in cash, together with 2 per cent as a tax-fixe bonus issue to be charged to the share premium reserve. An interim cash dividend of Dfl. 4.75 was distributed in Anguet 1887. The final dividend will be psyable from April 5, 1988 as follows: on presentation of coupon No. 35, payment of Dfl. 3.75 in cash, less 25 per cent dividend witholding tax, will be made per ordinary stars of Dfl. 20 each; coupon No. 36 will represent the 2 per cent bonus issue and on presentation of the correct multiples of coupon No. 36 new ordinary shares of Dfl. 20 each, will be issued.

Dividend coupons both two cash research and in state.

Shareholders who request their bank to arrange for the delivery of the bonus issue on their behalf may be charged in accordance with the rules of the Nederlandse Bankiersvereniging ("Netherlands Bankiers Association").

The necessary shares to satisfy the bonns issue in full will remain irrevocably deposited at the offices of Pierson, Heldring & Pierson N.V. in Amsterdam until December 1, 1988 to the extentian that they have not been taken up by shereholders.

Dividend coupons both for cash payments and in exchange of shares may be presented at Pierson, Heidring & Pierson N.V., Algemene Bank Nederland N.V., Cooperative Centrale Raiffeiser Bossaleenbank B.A., Bank Mees & Hope NV. Credit Lyonnais Bank Nederland N.V. Kempen & Co. N.V. in Amsterdam, Den Haeg, Rottendam and Utrecht, in so far as these are established, or at the offices of Morgan Grenfell & Co. Limited, New Issues Department, 72 London Wall, London ECZM SNL. Any shares arising from the bouns issue not claimed by December 1, 1988 will be accurated and sold and the proceeds kept available for will be aggregated and sold and the proceeds kept a compons subsequently presented on a pro-rata basis.

When a bank or broker presents coupon No. 36, these coupons should be stamped with the name of the presenting office on the back of the coupon. In connection with the exchange of coupon No. 36, a statutory payment will be made by the Company to the members of the Vereniging wor de Effectenhandel ("Association of Members of the Amsterdam Stock Exchange"); shapeholders will therefore be able to collect their bonus issue without paying

The Hague, 24th March, 1968

+765 +631 +823 +1,159 +1,016 +236 +1,073 +267 +359 +310 +394 +332 +346 104,3 39.2 15.3 20.2 +8,723 20.5 +8,554 31.7 +11,506 22.7 +11,221 51.9 +2,566 24.2 +4,551 51.0 +2,651 31.4 +4,224 25.0 +2,577 21.3 +2,261 10.00 10.00 8.50 9.60 9.00 10.00 10.00 9.50 9.50 8.50 1,465 1,894 1,211 3,897 556 247 467 197 812 1,126 1,689 +977 +1,968 +874 +246 +287 +277 +250 +347 +340 +357 +240 +3,966 +4,581 +3,451 +4,224 +2,977 +3,381 +4,943 LS 5.5 +320 INFLATION-Indices of earnings (Jan 1980 = 100); basic materials and fuels; workers of manufactured products (1980 = 100); retail prices and food prices 1987 = 100); Reuters commodity index (Sept 1981 = 100); trade weighted sterling (1975 = 100). magi, Marie 1,714 1,464 1,608 149.2 150.9 151.6 153.2 151.3 161.5 152.0 152.6 153.2 153.2 192,8 196,8 202,6 206,9 203,1 201,6 201,4 203,4 207,2 210,3 109.3 101.9 102.1 103.2 101.8 102.1 102.4 102.4 103.4 190.5 101.8 101.7 190.4 190.7 190.4 101.1 191.6 129.8 129.7 131.4 139.5 131.3 131.1 139.6 131.4 1,680 1,647 1,683 1,683 1,665 1,665 1,662 1,682 1,682 103.3 162.6

By Order of the Board of Management

has also been marked by a host

of volatile alliances between ven-dors as well as a series of take-overs, mergers and joint ven-

Such arrangements are increasingly common in many industries in factory automation,

encroach into new product sec-tors unfamiliar to the predator

Wild optimism

only led to

among suppliers

embarrassment

and backtracking

Though the supply industry is still so shapeless as hardly to jus-tify being called an "industry",

these cross-product deals are put-ting a few suppliers in increas-

It is easy to exaggerate how far-factory automation has come. General Motors installed its first

"The average shopfloor has not

manufacturing countries, like the

ingly dominant positions.

As the "factory of the future" became a fashionable catchphrase at the end of the 1970s, customers and hardware suppliers rushed into the industry, displaying all the glee of a child with a new toy. What they resped was pain and distilusion.

General Motors in the US made

a costly fool of itself by automating factories without knowing what it was doing, while the first batch of suppliers, like Westinghouse and General Electric, issued wildly optimistic statements about huse amounts of money to about huge amounts of money to be made from the supply of advanced automation equipment. They were forced to backtrack

embarrassingly.
Westinghouse virtually disappeared from the scene and many other suppliers, from robot mak-ers to producers of flexible machining cells, made heavy losses trying to elbow into the market. A long shadow was cast right

A long shadow was cast right across the industry by a mixture of over-ambition on the part of equipment makers and buyers, unreliable hardware, plain bad management and nightmares in computer software (the kind of thing that gave widgets square holes instead of round ones).

Now however the suppliers

Now, however, the suppliers find themselves in a cantiously expanding market for equipment and services which help automate parts of factories and warehouses, and transmit information from the shopfloor to all the other departments of a company that have some link with produc-

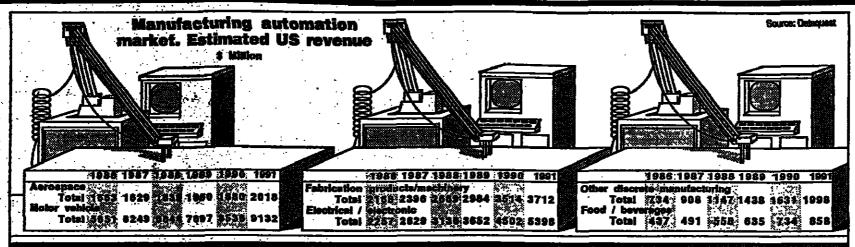
Total annual sales of manufacturing automation equipment are estimated to be more than \$35hn

This figure includes a vast array of equipment ranging from computers used on the shopfloor. in purchasing departments, pro-duction control and engineering. to machining lines in car plants and aerospace factories. It incorporates sales by soft-

ware companies, suppliers of automated handling systems and computer aided design, engineer-ing and test equipment. A battery of service companies which pro-vide advice on how different fearobot in 1961 yet the majority of factories in the West have only limited automation facilities. The first definition of computer integrated manufacturing – the uninterrupted flow of electronic information through all departments of an enterprise — was coined in 1973 but there are still tures of automation in a factory can be linked also flit around the

Though the business of supplyfew, if any, full CIM systems in the world. ing equipment is very young and immature it is very crowded. With parts of it fragmented, it encapsulates bitter struggles for come of age with computers," says Tom Kaminsky of consulcontrol among vendors within tants Arthur Andersen. Some

As no type of company can UK, have a dearth of factories offer anywhere near the full with even a modicum of genuine range of products, the industry



Manufacturing Automation Equipment

# Volatile alliances born of market growth

By Nick Garnett

industries. In factory antomation, though, many of them involve companies with extraordinarily different roots and products, forced together by demands of the customer.

Some of the more permanent shifts in ownership are aimed at securing stronger positions in individual product segments. Others have been designed to encroach into new product sec-

leading supplier of FMS in continued wor Europe, still makes far bigger from some \$50 profits selling stand-alone in four years. machines than equipment for

The number of manufacturers of automated guided vehicles (AGVs) rocketed during the 1980s from about ten to some 60 or so. But many of them, unable to make money, have been absorbed by more powerful competitors. The market price of computer aided design and manufacturing equipment (CADCAM) has fallen sharply, pushing a number of the smaller makers out of the busi-

automation equipment suppliers like Matsushita and Toshiba are robots appears to have fallen.

A very large proportion of potential customers also remains bemused by it all, particularly over whether so-called islands of automation on their shopfloors

analyst.

This is still much smaller than the manufacturing systems them selves, which, including machine tools, account for 60 per cent of transfer machines to more flexible transfer lines.

Some of the battles among sup-

Even West Germany, the lead-should be linked into more compliers are being fought within prehensive systems. should be linked into more couring European consumer of automation equipment, had only 35 full-scale flexible manufacturing of statistics to show that overall systems (FMSs) at the beginning of 1986, according to a recent worldwide market for robots was report by Frost and Sullivan, the data company.

At the same time, suppliers in At the same time, suppliers in and rising.

Should be linked into more couring traditional compartments by long time foes. For example, IBM, the world's higgest computer company, has been introducing smaller supermini machines to estimated to be worth almost help it challenge the position firstalled robots numbering 40,000 ration (DEC) at the point of manufacture on the shopfloor.

a number of sectors struggle to make money and others continue

The struggle to make money and others continue

The struggle to and rising.

The struggle to make money and others continue

The struggle to and rising.

The struggle to make make the shouldor.

The struggle to and rising.

The struggle to the shouldor.

The struggle to the should the shoul Ruropean market for FMS is month the addition of a bigger increasing at more than 30 per computer to its range in an cent a year, a trend which, if attack on IBM's position as a supcontinued, would lift this market from some \$620m now to \$1.9m wide systems.

wide systems.

While many companies remain
wary of hig comprehensive automation plans, others are pressing
ahead with such projects. Ford,
for example, is engaged in a large
programme to introduce a form
of CIM in stamping operations at
its TIE allows to the stamping operations at
its TIE

Computers are edging into produces equipment which dupliduction areas at increasing cates almost every component in 
speed. The US market for all 
types of factory automation 
equipment is the biggest in the 
world and of this market 25 per 
a year business in computers for 
extensive the color of the cent by sales revenue is now automation. made up of computer hardware In the supply of special pur-directly or indirectly linked to pose machines for vehicle build-

programme to introduce a form
of CIM in stamping operations at
comers are making an impact by
its US plants.

At the same time relative newcomers are making an impact by
offering special features. Tandem

manufacturing processes, according, traditional antagonists like ing to Dataquest, the information Cross, Lamb and Ingersoll in the

ships between suppliers.
Some of these are temporary

The industry

mon and these partnerships are usually temporary," says Stephen Darvill, marketing and sales manager for industrial systems at Logica, the UK software com-

However, a number of takeovers and permanent joint ven-

large part of their electronic coatrols business 18 months ago in their fierce battle with other control suppliers, including the pow-erful Siemens of West Germany, Europe's largest factory automation company.

EDS, the dominant US software

house has been expanding rapidly by acquisition, partly to extend its influence in manufacturing automation. This is part of a process which many believe will result in fewer large software houses and a greater array of companies offering specialist software packages. It is the middle-sized companies that will find themselves increasingly

squeezed.

There are far more instances of joint ventures and takeovers designed to increase the spread of capability. Some of these are even more crowded if Japanese capability. Some of these are machine suppliers use the increasing worldwide spread of Japanese car plants to piggyback into the Western market for this equipment.

"I do not think that will happen because of the strength of the yen," says Eden Diver, a senior executive at Cross. However, Komatsu is supplying the UK's Rover Group with a huge press that is being assembled by contract engineers in Britain.

Against this background, one of the top three US suppliers of CADCAM equipment, by Prime, the computer company.

US control suppliers like Allen Bradley also have such arrangements. In France, an industrial automation company is at the moment the subject of hostile bids from Schneider and from Framatome, both of which have very different engineering products.

A growing trend, though, is that many of these deals are part of linked chains in which some each product area

each product area

each product is undertaken, a team made up of specialists from different supply companies is usually set up to oversee the project.

"Collaboration with other on and the company is un and the company is company is un and the company is un and the company is company is un and the company is company in this company in this company is company in this company in this company is company in this company is company in this company in this company in this company in this company is company in this company i suppliers are becoming increas-ingly powerful across a wide sphere of activities. IRM is at the

from Ford.

One question still to be resolved is whether a certain type of company will emerge in a dominant position as systems integrator for big projects. Computer manufacturers, using their own in-house production experiovers and permanent joint ventures among vendors are now
under way as part of a general
theme in which increasing power
is being placed in the hands of
fewer companies.

Some of these alliances have
been forged to increase the leverage of the participating compamies within a particular segment.

For instance, General Electric
and Fanuc of Japan pooled a the cake.

### **IBM** office systems get the telex message

IMI COMPUTING of Witton, Birmingham, in the UK, has developed a telex handler called Atlas for users of IBM 360 mainframe computers. It provides a "totally packaged solution to the problem of integrating telex into the IBM office environment," claims the

Atlas allows IBM terminal users to exchange telexes from desk to desk within a company, or externally over the world's telex network.

IMI Computing says Atlas is a low-cost alternative to large message switching systems within

big companies.
Atlas's functions include telex copy circulation, telex mail shots, and out-of-hours (store and for-ward) transmission. Individuals can set up their own telex address books.

### Whitaker compacts optical booklist

By Geoffrey Charlish

J.WHITAKER and Sons of the UK has launched Bookbank CD-ROM Service, the first monthly booklisting in Europe to use optical recording technology.

The company's Bookbank gives details of possible 5 for the force.

details of nearly 0.5m titles, from 13,000 publishers. Already available on microfiche (postcard-sized pieces of microfilm), it is widely used by bookshops and libraries. Now all the data is available on a single 120mm (4.75in) CD-ROM (compact disc

read-only memory).

Apart from quicker access using the screen and keyboard of an associated personal computer (IBM PC), the availability of the data in electronic form means that the authorization can be need to that the software can be used to generate particular lists of books for the user (precise areas of interest for example).
The CD-ROM/PC combination

can also exchange data with electronic systems with which the user's customers order books. Considerable cost saving and improved delivery times can be obtained, says Whitaker.

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### Canada heads for wheat sales record

By David Owen in Toronto

CANADIAN WHEAT exports are running well ahead of year ago levels, prompting analysts to project that sales for the 1987-88 crop year (ending July 31) may set a new record.

Up to March 13, exports totalled 11.7m tonnes, according to the Canadian Wheat Board, up nearly 20 per cent from 9.8m tonnes a year earlier. Increased sales to China account for a large part of the improvement.

By contrast, barley sales over the same period were well below year ago levels at 2.8m tonnes. against 4.7m in 1986-87. board officials attribute the decline to unusually heavy early season

While the board has released no projections of eventual year-end export figures, a former com-missioner turned grain analyst, Mr Jim Leibfried, is calling for wheat exports of 23.7m tonnes in the current crop year. This would be a sharp increase from 20.8m tonnes in 1986-87 and would comfortably exceed the current record of 21.8m tonnes exported

Mr Leibfried is forecasting barley exports of 5.5m tonnes in 1987-88, down from 6.7m in year's farm budget, a ceiling

### Gatt raises dairy products price minimums

By William Dullforce in

THE GENERAL Agreement on Tariffs and Trade's dairy council found effect on the shape of council raised its minimum prices for try's oil industry in the closing dairy products for sale on international markets with effect from With production-sharing con-

Minimum export prices for skimmed milk powder and but termilk powder were raised from \$25 to \$300 a tonne, while the whole milk powder price climbed from \$1,000 to \$1,100 a tonne.

Export prices for chaeses cov.

BY MISCOVERIES are made.

The drop in investment is one who understands the commercial needs of the oil companies. "It will depend on who you are series of long term deals under and what you can negotiate," which Caltex, Mobil and other oil says one US oil man with long majors are to provide the series of properties of longers of

Dairy Arrangement were fixed at beyond the life of their existing not contracts.

One contracts.

In its annual report on the dairy products market published in December Gatt forecast a rise

# **EC** Commission proposes freeze for farm prices

prices in the coming agricultural marketing year, with the excep-tion of measures which may cut grade tobacco.

Mr Frans Andriessen, the EC Agriculture Commissioner, described the price proposals — to be given a first work-over by EC Agriculture Ministers next week - as what could be "realis-tically expected" in light of last month's summit agreements reforming the BC budget and curbing farm spending.

Freezing nominal prices would mean a drop in real prices, depending on the rate of inflation in various EC member states, the commissioner warned. That would be on top of the 3.5 per cent average cut in European farm incomes last year.

But Mr Andriessen cautioned that national ministers had "no room for manoeuvre" to make mices increases this year with.

prices increases this year, with-out breaching the budgetary guidelines and farm product sta-bilisers which their heads of gov-

THE EC Commission yesterday offset elsewhere to stay within proposed a general freeze for the vast majority of European farm summit," Mr Andriessen said.

The Commission was not expected to propose either a price increase that would have defied cereal prices by 2 per cent this the logic of the summit agree-year and of a proposed 6-8 per ments or a general decrease that cent price reduction for poorer would have further penalised would have further penalised farmers, who already face sub-stantial price penalties if they breach stabiliser production

> Some member states may try to side-step the impact of the Commission-proposed price freeze by pushing for devalua-tions in their so-called green cur-rency rates. That would have the effect of raising ECU-set farm price in national currency terms. But the only agri-monetary change the commission is propos-ing is a 10 percentage point reduction in Greece's negative monetary compensatory amount, the highest in the Community. MCAs act as border taxes or subsidies to counter the effects of divergences between real and green currency rates on intra-

The only commission proposal with direct international ramifiguidelines and farm product stabilisers which their heads of government had already agreed to.
The Brussels summit set a ceiling of ECUs 27.5bn (£18.4bn) for this year's farm budget, a ceiling careals in animal feed. Mr Andriessen said.

Andriessen said that the input of year's farm budget, a ceiling careals into animal feed had which is only to rise each year at 74 per cent of the annual increase in Community gross national product.

The Brussels summit set a ceiling careals in animal feed. Mr Andriessen said.

Andriessen said that the input of be changed, so that it would be aligned with the average market price in the Community, and not always 2.5 per cent ingher as cheap imports of tapioca from Thailand and corn-gluten had follows the 15 per cent cut in the come to replace high-priced EC

umity trade.

wheat or barley in animal feed. Other key commission propos-

A halving of the monthly increments paid during the year to encourage farmers to delay selling cereals into intervention. Mr Andriessen estimated that Mr Andriessen estimated that chiefly because of this proposed measure cereal prices might fall by 1.5 to something over 2 per cent this year, depending on the level of interest rates and storage costs. By this means Mr Andriessen is trying to redress his failure to get the Brussels Summit lest mouth to set the property of the property of the second control of the second c month to agree to an immediate, first year price cut on cereals. first year price cut on cereals.

• A 5.2 per cent reduction in the intervention price for durum wheat, used particularly in the making of pasta. The aim would be to bring this product into a closer price relationship with cheaper soft wheat, and the innert on growers of the reduction.

impact on growers of the reduc-tion would be partly offset by a 12.5 per cent increase in Commu-nity aid to the sector. • A 1 to 2 per cent premium for the two top grades of tobacco and a 6 to 8 per cent price reduction for the two lowest grades. This would make better economic and health sense for the Community,

### **Producers** raise European zinc prices

By Kenneth Gooding, mining

ZINC PRODUCERS raised their ZINC PRODUCISIS Passed their European prices yesterday for the third time this year. Most prices went up by \$50 a tonne to \$270 but two major groups, Elec-trolytic Zinc Australasia and Nor-anda of Canada, moved theirs up

Kuropean producer prices are now at their highest levels since July, 1984, when they reached \$390 a tonne after China disturbed the market by buying extraordinarily large quantities of zinc from the west.

of zinc from the west.

Although there have been two previous price increases this year — \$30 steps, in mid-January and at the begining of March — the latest moves were widely expected because an unusually large difference had developed between the London Metal Exchange price and that charged by the producers.

### NICKEL PRICES SURGE STILL HIGHER

800<sup>5</sup>

NICKEL PRICES continued MCRRI PRICES continued their relentless progress to fresh peaks on the London Metal Exchange yesterday—although the premium for cash metal over three month metal narrowed from \$4,450 a tonne to \$3,850, writes David Black-

Cash metal added \$550 a toune to Tuesday's massive \$2,560 gain, closing at a record \$19,450 a tonne, equivalent to

months closed £4.50 up at £554.50 a tonne (equivalent to \$1,018). The price is likely to remain high in the second quarter of this year and reach about \$1,050 a tome in May, when demand for ainc peaks, predicted Mr Robin Bhar, an analyst with London-based metal traders Rudolf Wolff. It could then be expected to

Zinc European Producer Price

drift back to \$1,000 in the sum-

Mr Neil Buxton of Shearson Lehman Brothers London Metals Research Unit suggested: "We still believe that six months from

### \$8.82 a lb. Three-month metal

rose by \$1,150 to \$15,600 a

Prices reached even higher Prices reached even ingner levels in early trading on sporadic merchant and speculative buying. But traders said there was a tendency to take profits in the afternoon in a fairly subdued market.

Sentiment remains bullish and levels of between \$10 and \$14 a fth are being predicted.

\$14 a Ib are being predicted analysis said.

per cent this year to around .US\$2.3bm (£1.25bm) from \$3.28bm in 1987-88. "With less than 10 years to run on some blocks, you can't expect the oil companies to

spend a single cent," says one western diplomat

appears to be the precise defini-tion of when a discovery is com-

mercial. Pertamina will issue a production licence only if it is assured of 49 per cent of the block's total revenues before the foreign contractor has extracted costs and a 15 per cent share of production.

The main sticking point now

Last night the LME price for now a zinc price of \$1,000 a tonne zinc to be delivered in three is unsustainable". He said that demand for zinc

was "not searing" but was expected to be up just above 2 per cent in 1988 compared with just under 2 per cent in the recent years.

The unexpected increase in demand for zinc was coming from the galvanised steel industry which, in turn, was experiencing a surge in offtake from one sector in particular, the automotive industry, Mr Buxton pointed

out.

Until recently only a few upmarket car producers such as Audi and Porsche in West Germany were using galvanised steel extensively but now some volume car makers had also began to employ the material.

For example, Fiat's recently-launched new Uno uses considerable quantities and Renault has switched to using galvanised steel in many of its car bodies.

Zinc consumption has been

Zinc consumption has been ahead of production for the past six years and by the end of last year producers' stocks had fallen from 432,000 tonnes in December

from 432,000 tonnes in December 1986 to 357,000 tonnes. Consequently hiccups in sup-ply - because of industrial dis-putes and technical problems -this year are having a bigger impact on prices in the marginal (LME) market.

less oil revenues are available as the Government's share. With so much of the better acreage

already staked out, it is these high risk areas which are the

### **Swedish** mining projects agreed

BY SARA WEBB IN STOCKHOLM

BOLIDEN, THE Swedish mining metals and chemicals company, which is now part of the Trelleborg rubber products group, yesterday signed an agreement with the Swedish Government to invest SEC 170 (528m) in new invest SKrl.7bn (£285m) in new mining projects in northern and central Sweden.

Boliden is planning to invest in 15 complex ore mining projects, producing copper, lead, zinc, sil-ver and gold. Work has already started on two of the projects. some of which are new mines while others involve extending existing mining operations. Boliden says that by opening

up new mineral fields it will be able to ensure further supplies of raw material for its Roennskaer smelter, which otherwise would have had to stop production by

1995.
The Government is contributing SKr314m in regional aid towards the projects, which will provide 1,200 new jobs in areas that have suffered from aboveaverage levels of unemployment. The northern region has fared badly compared with the country's unusually low overall unemployment level of 2 per cent, partly because of the difficulties of attracting new businesses to the north and partly because of job cuts in the mining sector.

The industry department yesterday announced that it is spending SKr1.2bn on the northern region to help stimulate jobs and development in the area.

When Boliden's job-creation and mining project offer first came out last autumn, it was seen as a means of extracting promises from the Governme not to introduce further environ-mental regulations which would hurt the mining industry.

high risk areas which are the focus of new investment now proposed by companies wishing to extend contracts.

As an overall strategy the oil companies seem only too happy to have a spread of exploration interests. According to Pertamina SKr2hm

The company said that it was important to have government backing as many of the projects were risky and might prove unvi-able from a commercial point of

### Sugar pact talks

PRODUCER AND consumer de gates hope that a meeting in London today will clear the way for the International Sugar Agreement to come into force at last, writes our commodities staff. The administrative agreement

which has no price support competing for a shrinking pool of contracts in 1886.

More critical, however, has been the downtum in both sels water or dense jungle. The extended, said one senior oil few companies are likely to close down operations, having invested

More critical, however, has been the downtum in both sels water or dense jungle. The extended, said one senior oil into operation on January 1. But a revenues.

"The sure when the terms are extended, said one senior oil into operation on January 1. But as much publicity as any new it has been held up by delayed contractors is budgeted to fall 30 ered by the contractor, means

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# Indonesia prepares for crucial negotiations on oil contracts

PERTAMINA, Indonesia's state "We'll make changes where necoli company, is preparing for negotiations with foreign oil companies which could have a profound effect on the shape of countries."

We'll make changes where neconstant is promised in the promises — "more flexibility, speedier approvals, less red tape."

But with so much at stake, Permised in the promise is provided in the provided i

tracts approaching the end of their 30-year lives the companies

noon yesterday.

The new prices, it said, reflected more favourable market conditions and recent successful efforts by governments to contain milk production and deliveries.

The minimum price for butter was increased from \$1,000 to \$1,100 a tonne and that for anhydrous milk fat from \$1,200 to \$1,325.

Minimum export prices for tracts approaching the end of their 30-year lives the companies have been reducing reducing capital spending — within the next will have expired.

This means that reserve capacity is not being replaced and a US Embassy report has predicted that Indonesian oil could run out by the late 1990s if no significant new discoveries are made.

The drop in investment is

As talks on contract extensions on the negotiating table is the get underway Mr Abdul Rahman production split. This ensures Ramly, Pertamina's president is Pertamina 85 per cent of any dismaking encouraging noises about covery, once the contractor has concessions on contract terms.

taminas approach has been very cautious. The state oil company has rejected an informal offer to

has rejected an informal offer to negotiate with oil contractors as a group. Although less time-consuming, officials consider this gives the contractors too much leverage.

Instead, each company is being invited to present its case individually to the Pertamina team, which is led by Mr Djek Zahar, a former executive with Stanvac. Mr Zahar is widely respected as a tough negotiator but also someone who understands the com-

Export prices for cheeses cov-majors are to provide gas to experience of Indonesia. "Doing ered by Gatt's International Japan, South Korea and Taiwan, business here is about contacts

One contract term which is not

DR SUBROTO, a former president of the Organisation of nent of the Organisation of Petroleum Exporting Coun-tries, has been replaced as Indonesia's Oil and Energy Minister after 10 years in the

The new minister is Mr Gin-andjar Kartasasmita, a former head of the Indonesian Invest-Dr Subroto was considered a

moderating influence at a time when the world's principal oil cartel has looked increasingly divided. He said this week that Indonesia would do its utmost

"and the concrete was poured by the president."

maintain the reference wice, at a time when many producers are offering buyer "So far we have succeeded in

No far we have succeeded in doing so for the Japanese mar-ket," he said.

No Ginaudjar, a Tokyo edu-cated economist, is expected to take a tougher line defending: Indunesia's market share at a

time of falling oil prices. He will take Dr Subroto's place on the 5-man Opec price monitoring committee, led by Mr Rilwanu Lukinan, the Opec president and Nigerian Oil Minister.

in concrete," says one observer, so much in front-end costs, which are particularly heavy in the case of gas production. Indonesia still President Suhario last year pledged to exist any contract and a stable political climate. where the company submits a indeed despite current uncertainsatisfactory investment plan. Progress, however, has been painfully slow.

"The Government knows it is comparing for a shrinking pool of the contracts. This compares with four contracts in 1986.

More critical however, has

production.

The issue clearly becomes more complicated at a time of fluctuating oil prices. A sudden market downturn can transform the economics of a discovery and leave Pertamina with no benefits. This happened in 1881 on a block operated by Atlantic Richfield, the only occasion when a foreign contractor has been ordered to cease production.

cease production.

The problem is even more Government with badly necessary acute when the discovery is in a revenues.

The problem is even more Government with badly necessary acute when the terms are revenues.

# interests. According to Pertamina officials there has been a large number of hids for a block in Irian Jaya, due for sale later this

The companies feel, however, that the terms of such contracts should reflect the added risks. All costs have to be written off if no

discovery is made or Pertamina refuses a production licence. If as expected Pertamina gives way on the issue of definition, it will probably claw back some ground by restructuring cost recovery in a bid to provide the Government with badly needed

**LONDON MARKETS** 

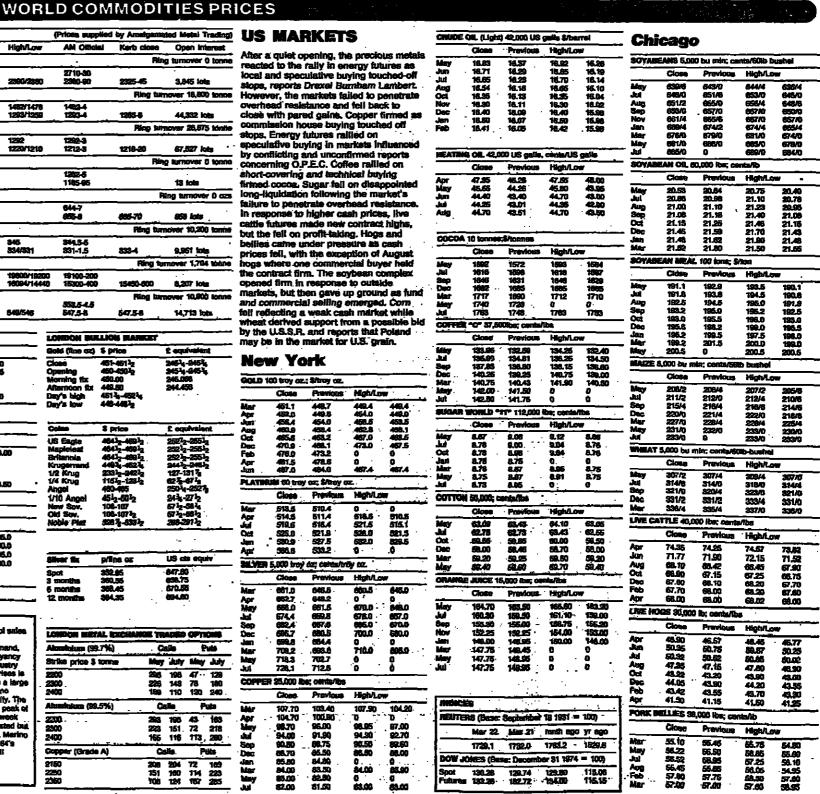
ALUMINIUM PRICES wiped out Tuesday's gains on the London Metal Exchange, with the three-month 99.5 per cent contract shedding 236 a tonne on profit-taling yesterday afternoon to close at £1,265.50. Dealers sald the market had become nervous of the fact that aluminium had established a premium to the copper price — a situation which they left was not sustainable for any significant time. Meanwhile cocca prices rose on shortcovering, higher New York prices and talk in the market that Brazil's Bahia temporae crop might be adversely affected by the current dry spell. Concer over the withholding of a sizeable of cocoa by the Ivory Coast alded sentiment, dealers said. Coffee prices adged from a 5½-year low on some

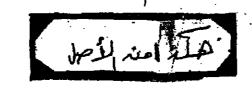
contract closed £2 a tonne down, and dealers said that charts were looking very bearish.							
SPOT MARKETS							
Crude oil (per berral FOB)		+ or -					
Dubel Brent Bland	\$13.65-3.75w \$15.30-5.40y	+0.30					
W.T.L(1 pm est)	\$16.00-6.05y	+0.45					
Oil products (HWE prompt o	elivery per to:	the CIF)					
Premium Gesoline	\$184-167	-1					
Ges Oil (Stylet)	\$138-136 \$68-70	+4 +2					
Heavy Fuel Cti Naphtha	305-70 \$138-138	+1					
Petroleum Argus Estimates		• •					
Other		+ or -					
Gold (per troy oz)	\$451.25	+3.00					
Silver (per troy cz)	601c \$511.25	+17 +5.73					
Pistinum (per troy oz) Palledium (per troy oz)	\$124.25	+0.75					
Alumbium (free market)	\$2720	+20					
Copper (US Producer)	110%-120	.i <sub>2</sub>					
Lead (US Producer)	35.5c						
Nickel (free market)	860c	+ 100					
Tin (European tree market) Tin (Kusin Lumpur market)		-22.5 -0.02					
Tin (New York)	319.50:	-0.25					
Zinc (Euro. Prod. Price)	\$920						
Zinc (US Prime Western)	49 <sup>5</sup> 20	+1					
Cazzle (live weight)†	108.74p	+0.24"					
Sheep (dead weight)†	195.38p	+ 15.28*					
Piga (live weightif	68.71p	-1.40*					
London dally sugar (raw)	\$235.4a	+9.2					
London daily sugar (white)		+8.5					
Tate and Lyle export price	2235.5	+5.0					
Bertey (English feed)	£107.0w	-0.5					
Maize (US No. 3 yellow)	£135.6×						
Wheat (US Dark Notifiern)	£02.75s	-i 0.25					
Rubber (spot)♥	62.50p						
Rubber (Abr) 🖤 Rubber (May) 🖤	66.50p 66.50p						
Rubber (KL RSS No 1 Mar)							
	<u>-</u>						
Coconut oil (Philippines)§ Paim Oil (Malaysian)§	\$506.0s \$390.0u	+50					
Copra (Philippines)	\$350.0y	- 64					
Sovabasns (US)		-f.O					
Cotton "A" index	66.75c	+ 0.15					
Wooltone (64s Super)	570p						

£ a tonne unioss othorwise stated, p-pencelle, c-cente/lb. r-ringgl//kg. w-May. u-Apr/Sep. x-Apr/, Jun. y-Apr. 1-May/Jun. s-Apr/May.titleat Commission average festiock prices. "change from a week ego. ¥London market effec. SOF Poterdam. Buillon market effec. mahalawien/Singap.

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Sep	978	961	976 965	. 3 ma
Dec	998	984	998 989	Abata
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Dec	196,80 196,00	201.40	208.20 198.40 202.00 201.00	
Mer	198.40	199.00	202.20 198.00	Apr
May	186.00	200.00	210.66	May
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May Aug Oct Dec Mer May Aug Tumove 1140 (10 Paris- W Oct 1375	238.00 237.50 235.00 237.60 239.00 239.00 239.00 r: Raw \$2 97). Thite (FFr i, Dec 137)	241.00 243.00 241.00 241.00 243.00 243.00 245.00 97 (3499)lob per tozne): 5, Mar 1395	242.60 237.00 242.50 237.60 241.00 237.00 244.00 237.50 a of 50 tonnes; White May 1364, Aug 1372, May 1405	Apr Aug Oct Dac Tirric FREE
May Aug Oct Dec Wer May Aug Tumove 1140 (10 Paris- Vi Oct 1375	238.00 237.50 238.00 237.60 239.00 242.00 242.00 27. Prim (FFr i), Dec 137. Close 133.50	241.00 243.00 241.00 240.00 243.00 243.00 245.00 37 (3499)lob per tozne): 5, Mar 1386	242.60 237.00 242.50 237.60 241.00 237.00 244.00 237.50 a of 50 tonnes; White May 1364, Aug 1372, May 1405 High/Low	Apr Aug Out Dec Turne FREK
May Aug Oct Dec Mer May Aug Tumove 1140 (10 Paris- W Oct 1375	238.00 237.50 235.00 237.60 239.00 239.00 239.00 r: Raw \$2 97). Thite (FFr i, Dec 137)	241.00 243.00 241.00 241.00 243.00 243.00 245.00 97 (3499)lob per tozne): 5, Mar 1395	242.60 237.00 242.50 237.60 241.00 237.00 244.00 237.50 a of 50 tonnes; White May 1364, Aug 1372, May 1405	Apr Aug Out Apr FREX Oct Jen
May July July July July July July July Jul	238.00 237.50 238.00 237.50 239.00 242.00 r. Raw 52 87). him (FFr i, Dec 137; L. Stonne Coee 133.50 130.50 130.75	241.00 243.00 241.00 241.00 243.00 243.00 245.00 37 (3489)lob per tozne): 5, Mar 1386 Previous 130.50 128.00 128.75	242.50 237.50 242.50 237.50 241.00 237.00 244.00 237.50 a of 50 tonnes; White May 1364, Aug 1372, May 1405 High/Low 134.75 130.25 131,50 127.50	Apr Aug Out Dec Turne FREK
May Aug Dec Mar Mar May Aug ItA0 (10 Paris- W Dot 1375  Apr May Just Just Aug Aug	238.00 237.50 235.00 247.50 239.00 242.00 r. Raw 82 97.50 hite (FFr i, Dec 137. Close 130.50 130.50 130.75 130.75	241.00 243.00 241.00 243.00 243.00 243.00 245.00 97 (3499)lob per tonne): 5, Mar 1385, Previous 130.50 128.75 130.50	242.50 237.50 242.50 237.50 243.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 127.50 131.50 127.50 131.50 127.5	Apr June Out Dec Turnx FREE Apr Jen BFI
May Just Just Apr Just Just Apr Just Just Apr Just Just Just Just Just Just Just Apr Just Just Aug	238.00 237.50 235.00 247.50 239.00 242.00 r. Raw 82 97.50 hite (FFr i, Dec 137. Close 130.50 130.50 130.75 130.75	241.00 243.00 241.00 241.00 243.00 243.00 245.00 37 (3489)lob per tozne): 5, Mar 1386 Previous 130.50 128.00 128.75	242.50 237.50 242.50 237.50 243.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 127.50 131.50 127.50 131.50 127.5	Apr June Out Dec Turnx FREE Apr Jen BFI
Apr May Dec Mer Mey Mey Mey Mey Mey Mey Mey Mey Mey Mey	238.00 237.50 235.00 247.50 239.00 242.00 r. Raw 82 97.50 hite (FFr i, Dec 137. Close 130.50 130.50 130.75 130.75	241.00 243.00 241.00 243.00 243.00 243.00 245.00 97 (3499)lob per tonne): 5, Mar 1385, Previous 130.50 128.75 130.50	242.50 237.50 242.50 237.50 243.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 127.50 131.50 127.50 131.50 127.5	Apr June Out Dec Turnx FREE Apr Jen BFI
Apr May Just Dec Just Just Just Just Just Just Just Just	238.00 237.50 235.00 247.50 239.00 242.00 r. Raw 82 97). hita (FFr i), Dec 137: Cioee 133.50 130.50 130.75 130.25 131.00 er: 7491 (8	241.00 243.00 241.00 243.00 243.00 243.00 243.00 245.00 97 (3499)lob per tonne): 5, Mer 1385,  Previous 130.50 128.75 130.50 130.50	242.50 237.50 242.50 237.50 243.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 122.50 131.50 122.75 131.00 128.75	Apr June Apr June Apr June Apr June Apr June Apr June BFI Tune BFI Web
May Aug Carlona Was Carlona Wa	235.00 237.50 235.00 247.60 239.00 242.00 242.00 242.00 277. Thits (FFF 3, Dec 137. Ciose 133.50 130.75 130.25 131.00 ar: 7481 (8	241.00 243.00 241.00 243.00 243.00 243.00 243.00 245.00 97 (3499)lob per tonne): 5, Mar 1386, Previous 130.50 128.75 130.50 252) lobs of	242.50 237.50 242.50 237.50 243.00 237.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 127.50 131.00 128.75 131.00 128.75	Apr Aug Oct Turne Fried
Apr May Aug Turnove	238.00 237.50 235.00 247.50 239.00 242.00 r. Raw 82 97). hita (FFr i), Dec 137: Cioee 133.50 130.50 130.75 130.25 131.00 er: 7491 (8	241.00 243.00 241.00 241.00 243.00 245.00 245.00 37 (3499)lob per tonne); 5, Mar 1385 130.50 128.75 130.50 128.75 130.50 252) lots of Previous	242.50 237.50 242.50 237.50 241.00 237.00 237.00 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.00 128.75 131.00 128.75 131.00 128.75	Apr Aug Oct Turne Fried
May Aug Dec	286.00 237.50 235.00 247.60 239.00 242.00 242.00 242.00 277. Thite (FFF 1, Dec 137 130.50 130.75 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25 130.25	241.00 243.00 241.00 243.00 243.00 243.00 243.00 245.00 97 (3499)lob per tonne): 5, Mar 1386, Previous 130.50 128.75 130.50 252) lobs of	242.50 237.50 242.50 237.50 243.00 237.00 237.50 244.00 237.50  t of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 127.50 131.00 128.75 131.00 128.75	Apr Aug Oct Jan BFI Turnet Wild Guth Will Guth Wille Guth Will Guth Will Guth Will Guth Will Guth Will Guth Will Gut
May Aug Dec	238.00 237.50 239.00 247.50 239.00 242.00 242.00 242.00 27). Thite (FFr i), Dec 137 130.50 13	241.00 243.00 241.00 241.00 241.00 245.00 245.00 245.00 27 (3499)los per tonne): 5, Mar 1395 Previous 130.50 122.75 130.75 130.50 122.75 130.70 125.27 100.55	242.50 237.50 242.50 237.50 241.00 237.50 244.00 237.50 244.01 237.50 245.01 237.50 246.01 237.50 246.01 237.50 247.01 237.50 248.01 237.50 248.01 237.50 248.01 237.50 248.01 237.50 248.01 238.01 248.01 238.01 24	Apr June BFI Tunne BFI June BF
May hay be	238.00 237.50 235.00 242.00 242.00 242.00 242.00 242.00 242.00 242.00 257. 257. 257. 257. 257. 257. 257. 257.	241.00 243.00 241.00 243.00 243.00 243.00 243.00 243.00 243.00 243.00 15.00 17	242.50 237.50 242.50 237.50 241.00 237.50 244.00 237.50  244.00 237.50  at all 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.00 122.75 131.00 122.75 131.00 102.75 100.00 tonnes	Apr Aug Oct Dec Turner BFI Turner BFI SWO duty especial services and services are services and services and services and services and services are services and services are services and services are s
May Aug Dec	288.00 237.50 235.00 242.00 242.00 242.00 242.00 242.00 242.00 242.00 257). Picto (FFr 130.50 130.50 130.50 130.75 130.25 131.50 130.25	241.00 243.00 241.00 241.00 243.00 245.00 245.00 245.00 27 (3499)lob per tonne): 5, Mar 1385 128.75 128.75 130.50 128.75 130.50 128.75 130.50 128.75 130.50 102.15 103.70 105.82 100.55	242.50 237.50 242.50 237.50 241.00 237.00 237.00 244.00 237.50  a of 50 bonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.00 122.75 131.00 122.75 131.00 129.75 100 tonnes  High/Low 102.15 102.00 103.90 103.75 100.25 100.10 102.25 101.60 104.70 104.30	Apr June Apr June Apr June Apr
May Aug Oct Dec Mar May Aug Oct Dec Mar May Aug Oct 1375 Apr Apr Apr Apr Aug Jun Aug Turnova May Jun Aug May	235.00 237.50 235.00 247.60 239.00 242.00 242.00 242.00 242.00 27). Thite (FFr ), Dec 137 20.13 130.50 130.50 130.50 130.75 130.	241.00 243.00 241.00 241.00 243.00 245.00 245.00 245.00 37 (3499)lob per tonne): 5, Mar 1385 128.75 128.75 130.50 128.75 130.50 128.75 130.50 102.15 103.70 105.82 100.55	242.50 237.50 242.50 237.50 241.00 227.00 244.00 237.50  1 of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.00 122.75 131.00 122.75 131.00 122.75 131.00 123.75 131.00 130.25 100.10 100.25 100.25 100.10 102.25 101.00 102.55 100.10 104.70 104.30 104.70 104.30 104.70 104.30	Apr June Apr
May Aug Dec Mary May May May May May May May May May Ma	235.00 237.50 235.00 242.00 242.00 242.00 242.00 242.00 242.00 242.00 257. 277. 280 280 280 280 280 280 280 280 280 280	241.00 243.00 241.00 241.00 243.00 245.00 245.00 245.00 27 (3499)lob per tonne): 5, Mar 1385 128.75 128.75 130.50 128.75 130.50 128.75 130.50 128.75 130.50 102.15 103.70 105.82 100.55	242.50 237.50 242.50 237.50 241.00 237.00 237.00 244.00 237.50  a of 50 bonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.00 122.75 131.00 122.75 131.00 129.75 100 tonnes  High/Low 102.15 102.00 103.90 103.75 100.25 100.10 102.25 101.60 104.70 104.30	Apr June Apr
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May Aug Dec Dec Mer	235.00 237.50 235.00 242.00 242.00 242.00 242.00 242.00 242.00 277. Pitte (FFF 1, Dec 137 130.50 130.75 130.25 130.25 130.25 130.25 130.35 130	241.00 243.00 241.00 243.00 243.00 243.00 245.00 27 (3499)lobs per tonne): 5, Mar 1386, 130.50 128.75 130.50 128.75 130.50 102.15 103.70 105.80 104.75 106.65 Provious	242.50 237.50 242.50 237.50 241.00 237.50 244.00 237.50 244.00 237.50  a of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 122.50 131.50 122.75 131.00 128.75 130.00 128.75 100.00 108.65 100.25 100.10 104.70 104.30 104.70 104.30 104.70 104.30 104.75 103.65 103.65 103.55 High/Low	Apr June Apr
May Aug Dec	238.00 237.50 239.00 242.00 242.00 242.00 242.00 242.00 242.00 242.00 27). Pictor (FFr 3, Dec 137 130.50 13	241.00 243.00 241.00 241.00 243.00 245.00 245.00 245.00 27 (3499)lob per tonne): 5, Mar 1385 128.75 128.75 130.50 128.75 130.50 128.75 100.65 102.40 104.75 106.65 Previous	242.50 237.50 242.50 237.50 241.00 241.00 237.50 244.00 237.50  1 of 50 tonnes; White  May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.90 122.75 131.90 122.75 131.90 122.75 131.90 122.75 131.90 123.75 100.10 100.25 100.25 100.10 102.25 101.60 102.25 101.60 104.70 104.30 104.75 104.35 108.55 108.15 High/Low 101.75 101.55 103.85 103.55 97.35	Apr June Apr June Apr June Apr June Apr June Apr June BFI Tune BFI
May Aug Oct Dec Mer May Aug Oct Dec Mer May Aug Mer Mey July Aug Mer Mey July Aug Mer Mey July Mer Mey July Mer Mey July Mer Mey Mer Mey Mer Mey Mer Mey Mer	235.00 237.50 235.00 242.00 242.00 242.00 242.00 242.00 242.00 277. Pitte (FFF 1, Dec 137 130.50 130.75 130.25 130.25 130.25 130.25 130.35 130	241.00 243.00 241.00 243.00 243.00 243.00 245.00 27 (3499)lobs per tonne): 5, Mar 1386, 130.50 128.75 130.50 128.75 130.50 102.15 103.70 105.80 104.75 106.65 Provious	242.50 237.50 242.50 237.50 241.00 237.50 244.00 237.50 244.00 237.50  a of 50 tonnes; White May 1364, Aug 1372, May 1405  High/Low 134.75 130.25 131.50 122.50 131.50 122.75 131.00 128.75 130.00 128.75 100.00 108.65 100.25 100.10 104.70 104.30 104.70 104.30 104.70 104.30 104.75 103.65 103.65 103.55 High/Low	Apr Aug Out Aug FREE Apr Jun Apr Jun Out Jen

_	-											
AOC	C/tonne			LONDO	t MINTAL	. EXCHA	MOK		(Prices sup)	illed by Amelgar	nated Metal Trac	ding)
	Close	Previous	High/Low		Close	,	Previous	High/Low	AM Office	al Kerb close	Open Intere	est
	917	905	916 906	Aluminis	n. \$9.7%	purity (5	per tonne)			R	ing turnover 0 to	onne
,	937	923	938 924	C=sh	2000-	RO	2700-20		2710-30		<del></del>	
	957 978	942 861	957 943 976 965	. 3 months			2390-410	200/200		2325-45	3,845 lots	
	970 998	984	998 989	Akanhili	m.99.5%	purity (2	per tonne)			Ring t	Utnover 16,800 to	onne
•	1022	1009	1021 1013	Cash	1440-		1476-80	1482/1476	1492-4			
	1041	1029	1041 1032	3 months			1901-2	1293/1250		1265-6	44,332 lots	
7	Greater cirk	233) lots of '	er tomel. Oally orige	Copper,	Pade A	2 per ton	ne)			Ring t	PROVER 26,575 to	ónile
Marc	h 22 : 120	9.09 (1204.6)	, 10 day average for	Cash	1292-	4	1277-9	1292	1292-3			_
ch 2	3 : 1218.01	1 (1224.51).		3 months	12124	3	1202-4	1220/1210	1212-3	1218-20	67,527 kds	
_	£/tonne			Copper,	Standard	Œ per tor	nne)			R	ing surnover 0 to	onne
762				Cash	1250-		1240-50		1252-6			_
	Close	Previous	High/Low	3 months	1185-	95	1160-90		1185-95		13 fots	
	1095 1125	1095 1127	1094 1088 1125 1115	Stiver (U	3 cents/fi	ne ounce	<u> </u>				Ring turnover 0	) æ
	1148	1151	1148 1141	Cash	965-5		642-6		644-7			
•	1173	1176	1173 1166	3 months	874-6		653-6 -		<u> </u>	605-70	. 868 lots .	
•	<del>12</del> 00 1217	1201 1228	1195 1189 1217 1216	Leed (E p	er lonne			•		Ring t	<i>ernover</i> 10,200 to	असंभे
•	1240	1250	1240	Çash	344.5		344-6	345	344.5-5			<del>-</del> -
nove	r. 2376 (2t	S51) lots of	tonnels	3 months			329-30	354/531	331-1.5	838-4	9,951 lots	
			ents per pound) for	Michael (\$	per tonne	4				Ring	tumover 1,704 ti	bàne
	2 Comp. 1 118,07 (1)		15.51 (115.89); 15 day	Cash	19300		18800-8000	19600/192				
				3 months		-700	14400-500	103047144	40 1E300-400		8,207 lots	
				Zine (£ pa Cash	er tonne) 554,5	85	<i>5</i> 51-2		552.5-4.5	filing b	arnover 10,800 K	onne
48	\$ per tono			3 months			547-7.5	549/546	547.5-8	547.5-8	14,713 lots	
	Cicse	Previous	High/Low									
, –	197.40	201.20	214.40 197.00	POTATO	R Chonn				CONTROL DI	LLION BLANKET		
	197.00 198.80	200.80 201.40	214.00 197.00 208.20 198.40		Close	Previou	e High/Low		Gold (fine oz)		£ equivalent	
	196.00		202.00 201.00									
,	196,40 196,00	199.00 200.00	202.20 196.00 210.66	Apr May	140.4 145.0	136.8 143.5	140,8 137.0 145.5 142.6		Close Opening	451-451 <sup>1</sup> 2 460-450 <sup>1</sup> 2	245 \ -245 245 \ -245	
		20000	210.00	Nov	98.9	94.0	94.0		Morning fix	450.00	245.066	
•	Close	Previous	High/Low	Feb Apr	103,0 140,5	103.7 140.0	141.0 140.0		Afternoon fix Day's bigh	449.50 451 <del>1</del> 4-452 1 <sub>4</sub>	244.458	
	237.00	241.00	242.60 237.00	<del></del>					Day's low	46462		
	238.00	243.00	242.50 237.60	, i urnova.	esta fikut	i) 1012 CT	100 tonnes.		_	_		
	237.50 235.00	241.00 240.00	241.00 237.00	SOYABE	AH WEAL	E/lonne			Coles	\$ price	tnelavlupe 3	
	237.50	243.00	244.00 237.50		Close	Previou	# High/Low		US Eagle	46432-46932	252 <sup>1</sup> 2-255 <sup>1</sup> 2	
	239.00 242.00	243.00 245.00		Apr	131,00	130.00	130.00 129		Maplelest	46412-46012	252 2-256 2	
			of FR Industry Makes	Jun	127.00	126.40	127.50	~	Britannia Kasassand	464 1 <sub>2</sub> -482 1 <sub>2</sub> 448 1 <sub>4</sub> -452 1 <sub>4</sub>	252 2-255 2 244 2-245 2	
(10		n fannhand	of 50 tonnes; White	Aug Oct	124.50 124.20	123.80	124.0g 125.00		Krugerrand 1/2 Krug	233 <sup>1</sup> 2-242 <sup>1</sup> 2	127-131 %	
r W	hitta (FFr p		May 1364, Aug 1372,	Dec	129.00	129.00	129.00 128.	50 ·	1/4 Krug	11612-12812	62%-674	
1375	, Dec 1375	i, Mar 1396,	May 1405	Thromas	1835 (1)	45) late of	100 tonnes.		Angel 1/10 Angel	480-465 45 <sup>1</sup> 2-60 <sup>1</sup> 2	250Å-252Å 24Å-27Å	
			•	FREGHT					New Sov.	104-107	57 <sup>1</sup> 2-58 <sup>1</sup> 4	
-	L Stonne		<del></del>		Glose				Old Sov. Noble Plat	108-107 ½ 528 ½-633 ½	67 12-56 12 288-297 12	
-				-		Freviou			(etites town	227-8-020-5	200-221-2	
	Close	Previous	High/Low	Apr Jiy	1720.0 1587.0	1734.0 1682.6	1740.0 1708 1600.0 1680					
<u>'</u>	133.50	130.50	134.75 130.25	Oct	1605.0	1607,0	1610.0 1595					
,	130.50 130.75	128.00 128.75	181,50 127.50 131.00 128.75	Jan	1005.0	1605,0	1610-0 1600	1.0	Silver fix	b/live oz	US cas equiv	
	130.25	126.75	131.00 128.75	BF1	1648.5	1647,5			Spot	352.85	847.80 858.75	
	131.00	130.50		T					3 months 6 months	360,55 368,45	670.55	•
tove	r: 7491 (6:	252) lots of	160 tennes	Turnover.	342 (88)	·			12 months	384,35	694.60	
NAS	£/tonne	_			_							
	Close	Previous	High/Low	MOOL						•		
=	102.10	102.15	<del></del> _	With the	Easter	recess in	Australian wool	sales	LOSSON MEN	AL INCHANCE	PARES OF TOX	
,	103.75	103,70	102.15 102.00 103.90 103.76	whates	FEBRT NEXT Of all many	ciackani:	ne is no sign ng in world dem	I				
	105.85	105.80	106.00 106.65	especie	ily for Mi	erino type	e. Similar buoy	SUCA	Alombium (95			_
	100.15	100.55	100.25 100.10	is evide	act in the	BB BBCCC	ad the UK Indu	etry	Strike price \$		ey dely blay de	_
	101,80 104,30	102,40 104,75	102.25 101,80 104.70 104.30				uncertainty ari		2200	20		
,	108.15	106.65	106.55 106.15				n de pusces en : . Present Merin		2300 . 2400	22 16		80 40
97	Close	Previous	High/Low	price is	Wils have	e year to be	lul no bestag e	y, The				_
<del>-</del>	101,85	101.85		AWC m	enket ind	cetor la e	d another new ; of with 1161 a w	peak of	Alumbakum (99		Calle Puts	
,	103.65	103.55	101.75 101.55 103.65 103.55	ago. Br	adiord to	o priets 4	KI WIDI 1 (U) & W LFO SCAFCENY SES	ted buil	2270	29		63
	97.35	87.70	97.35	hopeful	Increase	s of 5 or	10 pence a kg. I	Merino :	2500 2400	22 16		18 80 ·
	100.25	100.40	100.25	<b>dhatitic</b>			vrough, teking 6		Cross- (Greek	- T 11- 1	Colle Buis	<u>-</u>





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#### CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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Treet.

#### Pound moves above DM3.10

D-MARK - Trading range

against the dollar in 1987/88 is 19305 to 1,5749. February aver-are 1,8866. Exchange rate index

CURRENCIES SUPPORTED by high growth and attractive interest attention on the foreign ary US consumer prices, and exchanges yesterday.

Sterling, the Canadian dollar and Australian dollar were underpinned by high interest rates, while these currencies, plus the Japanese yen, were also in favour because of strong domestic growth rates.

Dealers said that at times of stability in the dollar the market interest from 94.0.

Trading in the dollar was very france, against DM29.42 on Tuesday. There was no reaction to news that President Mitterrand will seek election for a second term office.

The dollar fell to DM1.6910 100 yen in Frankfurt, the highest from DM1.6935; to Y126.80 from level since August 1986, compared with DM1.3310 previously.

The dollar traded very quietly, and the Bundesbank did not intervene when it was fixed at those of strong stability in the dollar the market.

Dealers said that at times of stability in the dollar the market looks for alternative trading, and is finding it in the cross rates between sterling/D-Mark and

yen/D-Mark. age 1.5966. Exchange rate index Good, steady business was 148.6 against 146.4 six months reported in these currencies yes ago.

Sterling's exchange rate index, according to the Bank of England, rose 0.2 to 77.3.

**£ IN NEW YORK** 

STERLING INDEX

**CURRENCY RATES** 

Species Orașelog Rights Cerrescy Helt 0.747277 1.78407 16.2475 48.3439 8.8869 2.11175 2.57960 7.8849 1712.19 173.443 6.76222 154.796 8.16918 1.91143 14.5764 43.3830 7.94875 2.07390 2.323721 7.06293 1534.58 155.256 7.74034 138.449 7.30899 7.30899 1.71624 1.66407 73. 25.

**CURRENCY MOVEMENTS** 

OTHER CURRENCIES 244 40 - 250 70 14 3300 - 14 3585 123 60 2370 00 - 1382 40 0 50520 - 9 50570

**MONEY MARKETS** 

#### London rates a little lower

INTEREST RATES were slightly lower in London, as the pound broke through DM3.10, and the Bank of England intervened to

with 81.8% p.c. while the one year rate remained at 91.91 p.c. Lack of movement in longer term rates reflected investors' unease about future trends on inflation and UK balance of payments.

Overnight interbank money opened at 84-84 p.c. and rose to a high of 10 p.c before slipping to 7 p.c. However late balances were

UK elearing back base leading rate \$1<sub>2</sub> per count from Starch 17

banks brought forward balances £70m below target. These were partly offset by Exchequer transactions which added £40m.

stem sterling's rise. Dealers saw
Intle prospect of an early cut in
bank base rates however.

Three-month interbank money
was lower at \$\frac{1}{2}\frac{1 in band 2, all at 8% p.c.

> Additional help was provided in the afternoon of £299m through outright purchases of £287m of eligible bank bills in band 1 and 12m in hand 2, all at 8% p.c. Late assistance came to

£315m, making a total of £655m. In Frankfurt call money eased to 3.25 p.c. from 8.30 p.c. as trad-ers registered their surprise at the size of the Bundesbank's allocation at the latest sale and

The Bank of England forecast a shortage of around 1600m, with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take. One dealer suggested that he its cial hands, together with a take One dealer suggested that, by its up of Treasury bills draining actions, the Bundesbank was 2451m and a rise in the note cir- keen to keen to prevent any rise culation of \$110m. In addition in rates.

FINANCIAL FUTURES

#### Gilts relinquish early gains

UK LONG gilt and short starling higher inflation.
futures finished below the day's While sterling's renewed highs in the Liffe market yesterstrength created uncertainty.

still placed above Tuesua, still placed Tuesua, still placed above Tuesua, still placed Tuesua, still pla that the authorities may be 91.22 at the start and 91.19 on pushed into reducing base rates Tuesday.

again, which could lead to overheating in the economy and ished on a weaker note. After

reported in these currencies yesterday.

The Bank of England intervened when the pound rose above DM3.1100, but dealers found it hard to decide whether this was on a large scale.

The general opinion was that it represented little more than a smoothing operation, and that sterling's retreat to DM3.1650 at the close was partly the result of DM3.0975, and the highest close since July 1986.

The pound also rose 60 points to \$1.8350.18360, and advanced to \$1.22.75 from \$1.23.50 and to \$1.23.50

vicualy.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. February

average 129.17. Exchange rate index 242.9 against 221.3 six

POUND SPOT- FORWARD AGAINST THE POUND

1.86 102340665153381462109 0.7555222542109 0.7555222542109 0.7555222542109

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR 0.29-0.26cpm 0.07-0.02cpm 0.16-0.21cpm 0.16-0.35cm 4-1cpm 0.95-0.47cpm 65-05cm 33-32cm 4.006cm 4.006cm 1.5800 - 1.8800 1.5800 - 1.2400 1.8990 - 1.9000 35.30 - 35.40 6.474 - 6.484 1.6405 - 1.6425 1.384 - 1.387 112.75 - 112.25 12314 - 125.24

**EURO-CURRENCY INTEREST RATES** 

野は野野は野野の町の野野の 9179343233811166446171 

Hars: two years 84,-8 per cost; three years 87,-87, per cest; four years 85,-87, per cest; five yea leal. Short term rates are call for US Dollars and Japanete Yea; others, two days' notice. **EXCHANGE CROSS RATES** F Fr. S Fr. H Fl. Liea CS B Fr. | 25% 10.55 2.565 5.746 1.397 3,486 1,900 2282 64.90 1243 55.35 74.98 3.398 1000 45.32 0.65 1123 14.98 740.1 740.1 9.802 9.802 1.740 9.716 20亿 33% 136 2.163 0.890 10. 2178 895.9 윓

66.74 101.3 3025 4.50 0.735 1.116 0.654 0.993 1861 2824 1.518 4,623 16,28 냈 缀 1007 3541 3516

FT LONDON INTERBANK FIXING

CLLOD a.m. Mar 230 3 words US dollars & months HS Dollars MONEY RATES NEW YORK

Located Maneria 1303.45 141, 鋆 LONDON MONEY RATES

higher inflation.

While sterling's renewed strength created uncertainty, investors were also waiting for tomorrow's release of UK trade US consumer prices rose by 0.2 figures for February as well as p.c. in February after a 0.3 p.c. tree index. day. However closing values were investors were also waiting for still placed above Tuesday's settomorrow's release of UK trade tlement prices, but shed much of figures for February as well as

relatively low.

Sep 24.20 19.05 19.00 9.80 6.75 4.65 2.95

89-17 89-15 88-19 67-28 0.5956 0.5957 0.5941 0.5950 0.6012 0.6012 0.6000 0.6063

<u> A FINANCIAL TIMES</u> INTERNATIONAL CONFERENCE Clear Blok Low Prev. 182-90 183-60 182-50 184-10 184-60 185-20 184-10 185-70

92.68 92.38 92.11 91.88

Hotel Inter-Continental, بيوما 13-13 London High 90-30 Speakers include:

d Volume 6050299800 day's open int. 6629(6615) **CURRENCY FUTURES** LIFFE-STERLING 625,000 \$ par \$

D-\$ (FORESH EXCHANGE 1-ext). 3-ext). 6-ext). 12-ext). 1,8328 1,8279 1,8209 1,808

2,8355 2,8355 High Law Pres. 1.8325 1.8270 1.8235 1.8274 1.8220 1.8360 1.8200 1.8150 1.8078

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fedidi Geferies, 7 GRAFTON ST. SOND ST., W1. 01-629 5676 Exhibition of wildlife pain-ings by KENNETH LELLY, 25 March to 14 April. OMELI GALLENGS - on combibition of Paintings by the Denish artist Peder Mork MCNSTED (1858-1941) at 45a Duke Street, St. James's. London SWITY 8DD act: 01-830-7744; Mort-Fri 9.30 - 5 8st 10 - 1 pm

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Jun. 1840/1852 -8 Jun. 2062/2076 -8 FT 30 Mar. 1452/1464 -7 Jun. 1465/1477 -7

THE NEWSPAPER INDUSTRY

- A PERSPECTIVE OF THE NEXT 5 YEARS 12 & 13 April, 1988

Mr Lee W Huebner Mr Bill O'Neill

Mr Andreas Whittam Smith

Mr David A McBride Dun & Bradstreet Corporati

Mr Ko Morita

Mr Alec Hollingworth

THE NEWSPAPER

Type of Busines

#### International Appointments



RIYAD BANK

Riyad Bank, one of the largest and most prominent Banks in the Middle East is offering an outstanding opportunity to qualified Bankers for the following jobs:

#### International Investment Manager

In this new position, the candidate will organize, plan and further develop present investment activities. The candidate will monitor and review performance of the external investment managers of the Bank and may play an active role in the management of

Fixed Income Securities. The position demands a creative all around individual with strong leadership skills and sound experience of investment management acquired with a substantial fund management company.

This position will be based in Saudi Arabia. A competitive package will be offered to the high calibre individual that this post requires.

#### **Corporate Marketing Officers**

For these positions, potential candidates will work in Assigned Regional Corporate Groups.

As part of a growing team of specialists, the officers' responsibilities will be to sustain, develop and solicit relationships with major marketing and institutional clients. Successful candidates, therefore, should have been trained in financial and project analysis and should have actively participated in the delivery of all traditional wholesale banking products and services.

Degree from a reputable university in a relevant academic discipline, together with proven career success, todate, are necessary qualifications for the position, as is a minimum (5) years spent in a major Commercial Bank, of which at least the last (3) years should have been spent in an Account Officer capacity.

#### Manager — Customer Services

In this new position, the candidate will plan, develop and organize new banking services to be provided through an extensive branch banking network serving both retail and commercial customers.

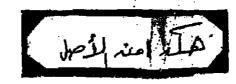
The successful candiate should have experience in automated banking systems and software applications at the point of delivery to customers. The candidate will recommend systems to management after thorough research with customers and will coordinate with technical departments of the bank for development purposes.

Prior experience in the sale and delivery of systems such as automated teller machine programs and cash management systems will be required for this position.

These positions carry a fully competitive salary and expatriate benefits package. Envelopes should be marked International Investment Manager, Corporate Marketing Officers, Customer Services Manager, as the case may be and forwarded, in confidence to:

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EUROPEAN OPTIONS EXCHANGE	Financial Times Thursday March 24 1988  FT UNIT TRUST INFORMATION SERVICE
May 88   Aug 88   Nov. 88   Stock	AUTHORISED  AUTHORISED  UNIT TRUSTS  Offer for Virol Managers List  Offer for Virol Managers
EDE Index C FI. 185 15 28 20 25 50 6 - FI. 213 31 EDE Index C FI. 200 79 14 323 14 60 - FI. 213 31 EDE Index C FI. 205 83 10.70 32 11.60 - FI. 213 31 EDE Index C FI. 215 83 10.70 32 11.60 - FI. 213 31 EDE Index C FI. 215 83 10.70 32 11.60 - FI. 213 31 EDE Index C FI. 215 244 4.70 23 6.50 123 8.70 FI. 213 31 EDE Index P FI. 195 53 11.80 4 5 126 7 A FI. 213 31 EDE Index P FI. 200 43 2.70 203 6.20 5 9 FI. 213 31 EDE Index P FI. 200 43 2.70 203 6.20 5 9 FI. 213 31 EDE Index P FI. 200 43 2.70 203 6.20 5 9 FI. 213 31 EDE Index P FI. 200 40 6 3 124 50 FI. 213 31 EDE Index P FI. 210 40 6 3 124 50 FI. 213 31 EDE Index P FI. 210 40 6 5 3 124 50 FI. 213 31 EDE Index P FI. 210 40 6 5 7 FI. 213 31 EDE Index P FI. 210 70 120 120 120 120 120 120 120 120 120 12	A5   A5   A5   A5   A5   A5   A5   A5
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22 23 24 25 26 26 27 28 28 28 29 29 29 29 29 29 29 29 29 29 29 29 29	Bell Court Found Mingt PLC   151.6
ACROSS  1 Nurse requires suit in a certain colour (3-5) 5 Coloured ring on cooker (6) 9 Hide from prisoner during terrible scene (8) 10 Keeping French wine in sink (6) 12 Horrible experience might 7 Flavoured with hazeinuts it set one quivering! (3) 8 incites man with £2 to get colour (8) 11 Complain if buzzer gets loud (4) 15 About sixteen a day in May is great! (9) 17 Paint lions running after bird	True States   174.2   184.4   185.6   175.2   185.6   175.6   185.6   175.6   185.6
turn into near disaster (9)  13 May get engaged to get things moving (5)  14 Side turning joined around mid-day (4)  16 Altar cloth moved - not far - then left (7)  19 Mines, to explode, must be slightly wet (7)  21 When retiring mum needs a  (8)  18 If durn up on stern area (8)  20 Caught family standing around prison (4)  21 Odd way to row (7)  22 Jack stands to lose one title fight (5)  23 Colour possibly ended under hack door (6)  26 Due to be wound round on top	Compating   1921   1974   1982   1984   19
girdle! (4)  24 Lout vandalised northern UK airport (5)  25 Joint in old car is unusually poor (9)  27 Iris goes red because of this (6)  28 Doctor Eden, please insert "enrolled" (8)  29 Colour of reverse of stone bar- rel (6)  30 Write tally in colour (3-5)  (5)  Solution to Puzzle No.8,588  COFFERMACCURATE  OF NO BELL NO NEW	10   10   10   10   10   10   10   10
DOWN  1 Colour of princess is rising (6) 2 Appoint fool to take gin round (6) 3 Perch way beneath Joey (5) 4 "Alice cooked extail in it" many cry out (7) 6 Scare into making responses (9)  HAT LE DESICAPES  B H K MM H  DEBITED PEOPLE  METHODICAL FROM  B H L L L M A I I S  I R E L A N D M O D I C UM  S T A N D A R D M E R L I N	Factor   F



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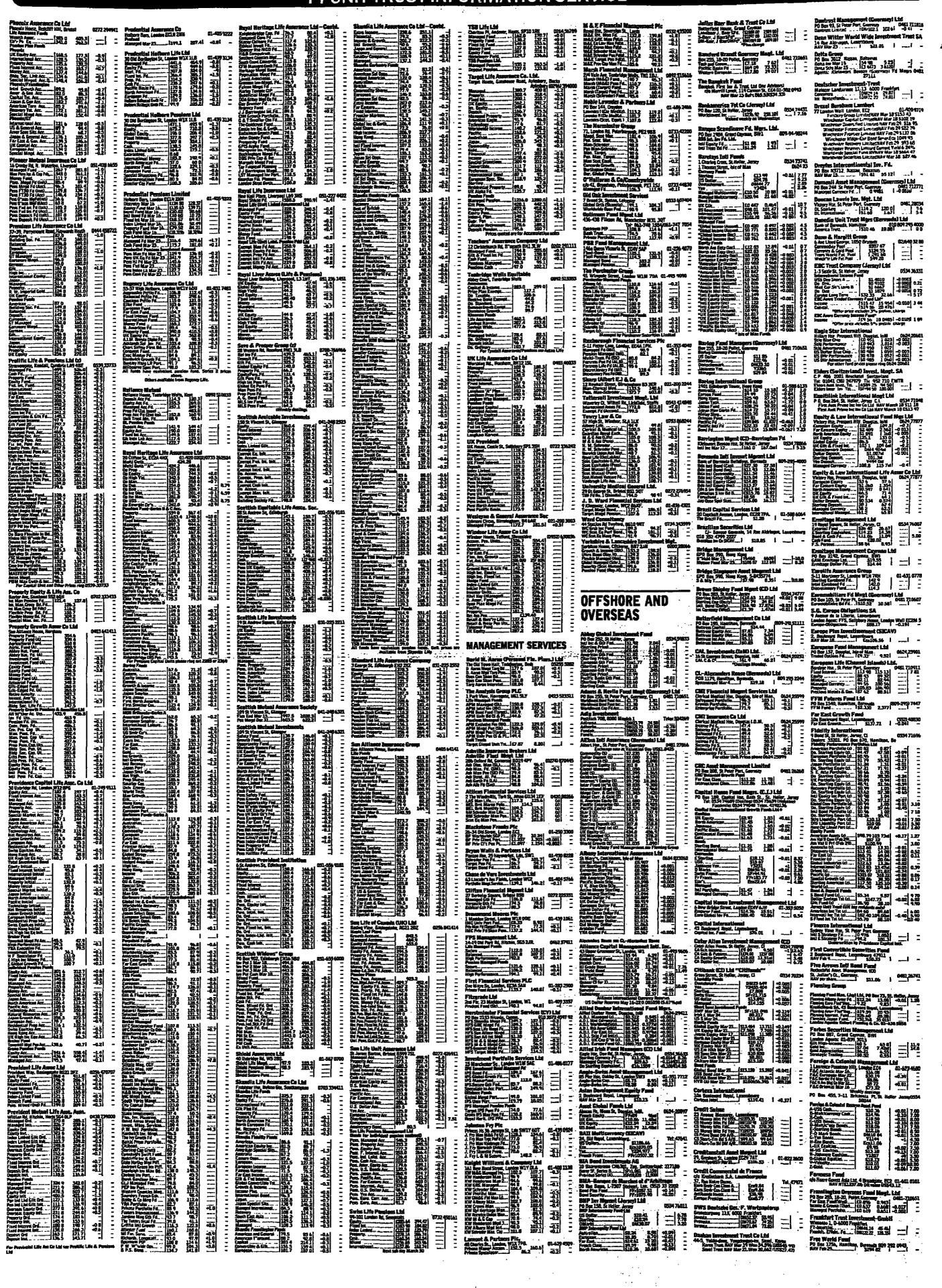
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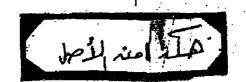
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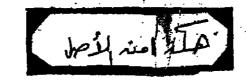
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384 21 winners 2 or 3 cm 2 cm	123 306 174 CAP 10. 198 -2 118 3.17 5.0 1.8 127 215 54 Hond 16.5 143 46 CASE Gross 20p. 85 45 0.1 -0.2 -2 222-143 Hills. 15.5 149 75 (CAL Microsters 5. 155 1.15) 0.1 1.1 7.0 1.3 14.8 524 302-140 Hills.	Max. 20p	470 - 471 13.0 1.9 3.8 18.0 330 175 Defilment of the property	100
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	LONDONSH	ARE SERVICE		
INSURANCES - Contd    1987/88	TEXTILES — Contd  1967/88   Sheet   Price   -   1964/7 (41 %) P.E.   175 (93 %) Price   -   1964/7 (41 %) P.E.   1	TRUSTS, FINANCE, LAND — Centri  1987/88   Stack   Price   W   Sky   Cw   Srs.   25   10   10   10   10   10   10   10   1	named I had be I brid	MINES — Contd  1987/58   Stack 1988   Law   Stack 1988   Law   Stack 1988   Stack 1
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135 23 PACCON 1.7.270 36 40.5 4.7 1.9 15.3 525 133 SEASCH 21 137 27 40.7 4.2 20 9.2 5.4 13 30.2 13.6 SMILLIAM ROW 120 138 3.4 3.3 2.1 10.1 500 14.8 SA Rever 226 338 447 20 9.2 5.4 12 3.8 13.0 13.0 13.0 13.0 13.0 13.0 13.0 13.0	5 48 Herdictow Tot 10p 66 0.2 1.0 0.5 16 241 Mth Brit Casadian. 361 -2 17.45 1.0 2.8	517% 5251 tandition 011 Corp \$14.2 1010c   0.4   155   67   Milested Partices 167   -1	300 55 [Fitnert Investmins 20: 88 119 ] - H. 106 22 [Fit1] Minerals N.L. 28 11 1 - K.	14
120   120	12	200   131	61 14 PK 0-2 Gold S1 15 -1 040 03112	A selection of Butions traded is given on the Lordon Stock Exchange Repart Page

gled out by one securities house as a beneficiary of the Capital Gains Tax changes, jumped 8 to

P & O, reflecting a favourable response to the preliminary lig-ures, moved ahead further to close 12 higher at 617p for a

two-day rise of 28. Some 3.7m shares changed hands yesterday.

Framlington, the fund manage-

ment group, improved afresh to

199p, up 6, in the wake of its

rejection of the takeover offer

Traded Option business was moderate, the total number of

contracts falling to 21,698. Calls came out at 15,524 with puts at

8,174. Rolls-Royce registered 1,704

calls with much of the business

transacted in the April 130's.

British Gas calls amounted to 2,072 with puts at 1,050. The FTSE

contract attracted 869 calls and

The FT-SE Index Steering Com-

mittee decided yesterday on four

deletions from the Footsie index -

Bunzl, Dixons Group, Sedgwick

Group and Standard Chartered

The four replacement constituents will be Williams Holdings,

Burmah Oil, Blue Arrow and

**Traditional Options** 

London Share Service

Dealers reported quieter condi-

tions in the Traditional option

market yesterday. Stocks favoured for the call included

Wilson (Connolly) Holdings, Fer-ranti, North Kalgurli, British

Petroleum new, Polymark, Astra

Holdings, Brunswick, J. Crowther, Dewey Warren, Pen-iland Industries, London Invest-

ment Trust and Owners Abroad

No put options were reported, but doubles were arranged in

• First dealings Mar 14 Last dealings Mar 25

• Last declarations June 16

from Throgmorton Trust.

A RENEWAL OF the upward pressures on sterline was a major worry for exporting stocks and UK equity markets as a whole vesterday. Another rise against twenty-month high of 3.105 despite intervention by the Bank of England – the authorities sold sterling when the rate threatened 3.11 during the morning but decided against any further

The pound also improved on the dollar, posing further prob-lems for investors still seeking guidance from the major institutions on the short-term trend. The currency dilemma is the main cause of the present market uncertainty, placing a restraint

on both equity and bond trading. Citicorp Scrimgeour Vickers, the securities house, summed up the situation thus: "Too high an exchange rate would threaten the trade figures just as much as too low an exchange rate would The Treasury's strict adherence to a compromise level for sterling thus looks set to continue, implying volatile base rates (both downwards and, it needs to be

nembered, upwards)". Despite the nervous backdrop, elective interest was aroused following a heavier-than-usual flow of trading statements, some from ders. BAT Industries pleased with annual profits matching the highest expectations, but those of Woolworth seemed to disappoint analysts. The overall volume of business in equities rose, helped by the speci-alised activity, and the number of shares traded increased to

dex nursed a fresh loss of 7.3, and appeared likely to extend the desultory note yesterday but against the odds the tone in London improved and the index regained ground to close 3.2 off at

The Gilt-edged market followed the rising pound, although nerover the authorities' intentions on the exchange rate ended to subdue business. Marketmakers thought it unwise to be too widely exposed at present even though the pressures are

building for lower interest rates. Overseas investors also seemed in doubt, and domestic retail trade slowed further awaiting the February trade figures, due to be announced at 11.30 tomorrow. A slightly lower T-bond checked the price advance late and the longs were barely % higher in

# Strong pound helps Gilt - edged issues but restrains interest in exporting stocks

The oil sector closed mixed after Rilwanu Lukman, the OPEC president, said at a press conference that a meeting of the OPEC price monitoring committee would be held during the first week of April to discuss ways of stabilising oil prices. Oil prices raced up after the news was announced with May Brent up some 50 cents on the day. After-bours it was announced that Saudi Arabia had requested an immediate meeting of the price

RP old and new shares were barely changed at 274p and 77p 7.1m and 6.8m shares with oil sector analysts said to be attending a breakfast meeting with BP representatives in London this morning. Dealers reported switching from BP to Shell with the latter closing 6 up at 1068p on

volume of 2.7m shares. Elsewhere, Silkolene Lubricants jumped 20 to 320p after revealing profits up from £0.8m

**BAT Industries'** preliminary figures suffered, as expected, from exposure to the dollar and the October market crash. Annual profits were little altered at £1.394hn but they came at the top end of analysts' forecasts and prompted a rise in the shares of 9

Apart from the results, interest is currently centred on the outoffer for Farmers Group of the US. Suggestions that BAT could run into difficulties with the US Regulatory Agencies over its move were dismissed yesterday by Mr Patrick Sheeby, the chairman. He also said the group was not at all concerned about its ability to meet the regulatory

Woolworths' preliminary profits, which at £177m compared with £109.1m, included some £30m worth of profits from sale and leaseback deals and other property gains. They caused some misinterpretation initially but were eventually construed as disappointing. The shares price dropped back to 282p before closing a net 9 off at 285p on turnover

be sticking to their forecasts for the year to end-January 1989 -James Capel at £175m, UBS Phillips and Drew at £180m, Kleinwort Grieveson at £175m and Warburgs at £175m - but Wood Mackenzie, part of County

	Mar.	Nar.	Mar.	Mar.	Mar.	Yes	198	7/88	Since Co	ngilation		
	23	22	21	19	17	Ago	H)gb	Low	High	Low .		
Government Secs	90.36	90,28	90.14	90.30	90.51	91.56	93.32	83.73	127.4	49,18		
Fixed Interest	97.72	97.52	97.26	97.49	97.58	97.33	(8/5/87) 99,12 (15/6/87)	09/18/87) 90,23 12/1/87)	(9/2 <i>[35</i> 2 105.4 (28/11/47)	50,53 50,53 GD,75)		
Ordinary ¶	1459.8	1463.2	1462.7	1476.8	1459.1	1623.0	1926.2	1232.0	1926.2 (16/7/87)	49,4 (26/6/40)		
Gold Mices	244.9	249.0	242.3	240.9	244.2	412.4	497.5 (4/8/87)	234.0 (29/2/88)	734.7	43.5 (26/10/71)		
Ord. Div. Yield	4,45	4,44	4.44	4.38	4,44	3.64		S.E AC	TIVITY			
Exmings Yid, %(faiD	11.52	11.29	11.29	11.18	ונעו	8.34	1 1	dices	Mar.22	Na 21		
P/E Ratio (net)(°)		10.80	10.80	10.91	10.78	14.70	Gift Edged		1227			
SEAG Bargajes (Spm)		51,413	31,458	40,559	31,986	57,282	Equity Bargains					
Equity Turnover (£m)	_	958.05	915.11	1357.74	1127.39	1587.19	5-Day aven	<b>78</b>		1 I		
Equity Bargains		37,905	37,922	44,708	35.514	71,695	Gijt Edged i	Bargains	1383	129.7		
Shares Traded (mi)		420.1	419.5	600.2	472.0	683.0	Equity Valu	piet E	243.2 2233.5	235.4 2209.0		
© Opening 10 a 1461.3 146		11 a.m 1456.(		p.m. 56.4	I p.n 1455		2 p.m. 1456.4	3 p.m 1457		p.m. 59.6		
Basis 100 Gorl. Se	s 15/10/2			161.4 History 1/7		low 14		tivity 1974,	• NO = 10.66			

holiday time-share property ing rumours which resurfaced operations in both the UK and yesterday.

The company blamed the deficit on the recent adverse public-ity surrounding the time-share industry. Barratt's mid-term with the share industry. Barratt's mid-term with the shares closed 17 lower on the shares closed 17 lower on the 286p. Elsewhere in the sector, breaden adversed to 250p.

est gains on the day, although tracting group, E.C. Rippon, for turnovers remained a minimal £5.7m cash; the purchase will levels. Barclays, turnover 1.5m partly financed by the issue of - a "strong buy" according to Investors continued to shy Morgan Grenfell in their current away from ICI amid persisting Financial Monthly - edged up 3 warries that the strong buy according to Investors continued to shy one dealer. GEC, with 8m shares

fell recommend switching to Lloyds, were 4 firmer at 419p. Trading in life assurances was described as disappointing with 1969.
investors "selling into rallies" The action in Woolworth
one dealer said. Composites diverted attention from the rest

NatWest, lowered their forecast included a firm feature in Trade of the stores which tended to by £10m to £165m last night.

Indemnity, up 10 to 385p after the drift easier. The excellent figures country are believed to be preliminary profits rise. General amnounced by Burton on Tuesuchappy about Woolworth's level of borrowings, and the performance of the Woolworth name stores.

Braveles were enlivered by analysts but failed to sustain the flurry of interest in Allied Lyons

Braveles were enlivered by analysts but failed to sustain the shares which dipped 3 to 249p — overshadowed by the DTI

ents, one of which advanced to 385p before the UK's leading housebuilders, settling only 6 firmer on the day announced interim results and at 381p. The volume of trade the shares immediately came amounted to only 1.8m shares under selling pressure on the dis-closure of losses at the peripheral water on Alan Bond stake buildwater on Alan Bond stake build-

Housebuilders gave ground as sentiment was influenced by the day at 199p.

The banks sector came in for a responding to increased annual bout of sustained support late in profits and details of the acquisition and closed with modition of housebuilding and continuous con

> of sterling could impair overseas profitability and the shares set-iled 10 lower at 1040p. Rentokil failed to respond to the good annual results and closed 4 off at

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Marks and Spencer hardened 2 to 181p on turnover of 2.8m following the latest moves in the battle between Campean and Macys for control of America's Federated Department Stores & S acquires the Brooks Bros clothing stores grown.

The electronics sector retained its accolade as the market's busi-est area. Ferranti kept pride of place as the heaviest traded stock in the sector with 8.8m going through the system co with Tuesday's 11m. The share price edged further ahead to 88p ahead of the analysts presenta-tion in Manchester last night. "Apart from support ahead of the analysts meeting there are still persistent rumours of stake

LONDON TRADED OPTIONS

changing hands, were almost as another subdued trading session active and alloped 3 to 150p as with prices drifting slightly traders began to get edgy about easier mainly for the want of the possibility of further revela-interest. tions about the MOD enquiry

3p despite the 39 per cent pre-

rose 10 to 253p on the announcement of CH industrials 10.41 per cent holding in the company. hly, were mentioned as possible EPIC to Peachey at 260p per suitors, and turnover in Rown share realising a £2.1m trading tree built up to 1.2m shares.

Eanks Hovis McDougall were penny cheaper at 412p. Rand-also in demand and firmed 6 to sworth Trust firmed 2 to 158p, while Iceland Frozen Foods after 162p, in reply to the excel-gained 5 more to 330p after lent interim results, while Town favourable comment on the

Pearson, up 13 at 683p, reflected occasional buying inter-Plessey attracted a turnover of est ahead of the preliminary figmore than 6m shares and ini- ures scheduled to be announced

tially dipped to 158p before rally-next Monday. Evered improved 7 ing to close unchanged on the to 128p, the rise being attributed session at 162p, as stake-build to a re-rating of the group in ing rumours continued to circu-view its building products interlate in the market. The company ests. Acquisition news and the amended its offer for Canadian proposed placing of shares to group Leigh Industries and is raise approximately £20m scheduled to hold an egm on Fii prompted a reaction of 13 to 235p day for shareholders to approve in Hodgson while GC Flooring and Furnishing, still reflecting

Lucas encountered nervous

Cable & Wireless, a poor mar-the disappointing interim figures, ket earlier in the week, eased to dipped 10 further to 58p. Satisfac-339p after BZW, the securities tory trading stements left Gordon Russell 5 firmer at 275p and Stag nouse, issued a major review of the group concluding in a "sell" Furniture a recommendation. NEI lost 6 to dearer at 122p. Furniture a similar amount nary profits rise. offerings in front of today's interim results and closed 7

to report interims on March 30, added 15 at 400p.

lower at 622p. Dowty were also RMC Group. The changes will dull and closed 5½ off at 194½p.

WPP, still reflecting the defection after Easter. the pound against the D-Mark, tion of top executives from Lord, drifted back to close 6 cheaper at Geller, Fredrico, Einstein, came drifted back to close a company and further sening passages and fell away to 15 lower at 514p.

Restates Property Investment of the subject of mand on the back of Company (EPIC), the subject of • Last declarations June 16 alk. Manganese Bronze an unwelcome 260p per share bid • For Settlement June 27 253p on the announce- from Peachey, closed 3 higher For rate indications see and of dakeover talk. Manganese Bronze an unwe 265p as the group revealed that it is at an advanced stage of discus-Rowntree, one of the Food sec- sion with another potential tor's old takeover favourites rose offerer which may lead to higher 8 to 481p " on the back of one bid than Peachey's; it was also decent buying order of 300,000 announced yesterday that Lon-shares at 477p" remarked a lead-ing marketmaker. Nestle, inevita-had sold its 25 per cent stake in

results. Kwik Sava, recent strong performer, ran back 8 to 347p on profit-taking, but Barker and Dobson added a penny to 152p following the preliminary figures. Bernard Matthews shed 7 to 78p

after revealing lower full-year International stocks passed

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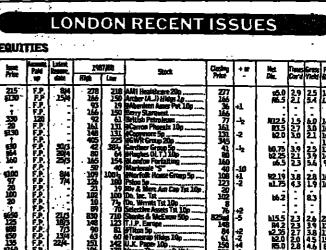
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#### NEW HIGHS AND LOWS FOR 1987/88

1,600 1,900 1,000 1,900 1,900 1,900 1,900 1,900 1,000 973 877 1,300 434 580 3,700 863 6,900

TRADING VOLUME IN MAJOR STOCKS

# RISES AND FALLS YESTERDAY 1,436



<b>5370</b>	F.P.		196 17	B Wosper T	Normerent Hidgs 180 -1 127.5	24 53	10
FIXED	INTE	REST	STOC	K\$			-
Price C	Attenut. Paid TP	j.etest. Restoric Date	19	97/88 Low	Stock	Closing Price £	+ or
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Price	Assessit. Paid III	Lates Researc Date	19 Mga	67/86 Lon	Stock	Clesing Price	+ 25
15	1	26/4	222	-	Chartering En	<del></del> _	₽-

15	Price	Amerik - Late Paid Rese	196	17/86 17/86	Store	Clesing
25   191   4.6   6.30m   30mm   Intrins Group 3p   33m   33m   34m   35m   3	P	Date:	High:	Low	]	P
	5	間 13年 期 20年 期 20年 期 20年 期 21年 11日 21日 11日 22日	Non Elem Slam Sm Sign Sign Sign	30pm 21pm 7pm 5pm 310pm 60pm	Calters Filips 10p Flarists Group 5p Harists Group 5p Lackson Exploration Lakson Exploration Lakson Exploration Lakson Group Standards Group Standards Flaring A. Allied Supplies Calteron Group Standards Flaring A. Control	23 pm 33 pm 15 pm 50 pm 50 pm 18 pm

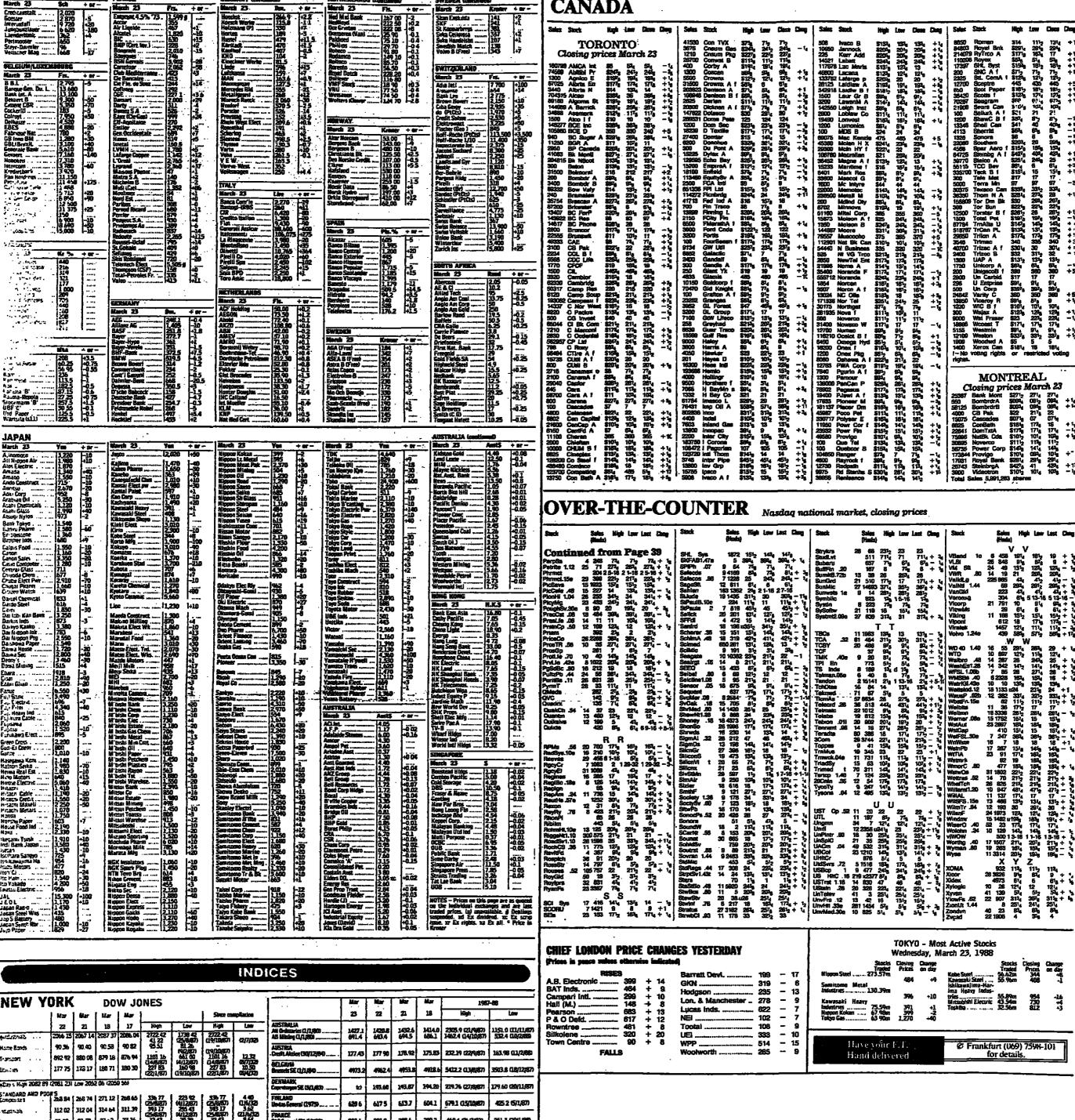
#### FT - ACTUARIES INDICES

These Indices are the joint compilation of the Figancial Times. the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS		Wedne	sday M	arch 2	3 1981	8	Tee Mar 22	Mon Mar 21	Fri Mar 18	See Asset
Fŀ	& SUB-SECTIONS gures in parentheses show number of stocks per section	ladex No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1968 to date	ladex No.	Index No.	Index No.	index No.
1	CAPITAL G0095 (209)	770.29	-0.6	9.74	3.89	12.89	2.09	774.34	771.39	778,88	886.1
2	Building Materials (30)	1042,92	به- ا	7.53	3.66	13.07	0.85	1845.94 1623.61	1911.19	1949.17	1685.5
3	Contracting, Construction (34) Electricals (11)	1040'20	-1.1 -0.9	8.86 10.81	3.17 4.92	14.98 12.65	3.62 1.28	2079.11	2075.43	1617.79 2003.85	
4 5	Electronics (32)	1532.44	-0.7 -0.6	18.79	3.57	12.09	8.21	1541.60	1531.23	1547.84	1998.6
6	Mechanical Englacering (58)		-0.3	9.65	4.24	13.86	0.96	491.77	40a.73	463.36	496.8
8	Metals and Metal Forming (7)		-8.5	9.22	3.87	13.86	0.00	442.52	469.19	474.23	472.4
9	Motors (13)	282,17	-4.6	11.21	4.24	18.48	0.71	284.03	283.12	287.80	337.1
ō	Other Industrial Materials (24)	1274.50	-0.7	8,90	4,30	13.45	4.58	1284.12	1280.63	1299.50	1468.8
ī	CONSUMER GROUP (185)	1875.47	-0.3	6,43	3.50	15.11	2.68	1078.50	1881.96	1089.38	729 <b>0.</b> 8
2	Brewers and Distiflers (21)	1086.39	+9.2	16.19	3.63	12.40	4.24	1004.37	1894.20	1093.86	1107.5
5	Food Manufacturing (23)		-83	9.52	4.25	13.42	2.30	345.46	850.86	253.88	900,4
6	Food Retailing (16)	2127.18	-0.4	7.55	3.00	17.82	7,15	2135.32	2344,77	2156.41	2284.5
7	Health and Household Products (10)		-0.5	6.53	2.58	18.12	9.45	1867.77	1873.58	1896.48	2332.3
9	Leisure (31)	1386.25 512.16		7.52	3.67	17.10	9.10	1306.37	1345.35		1287.2
1	Publishing & Printing (26)		-0.4 -8.2	8.24 6.34	3.65 4.15	15.96 19.88	8.46	51A.99 3687.84	516.95 3614.28	518.61 3618.41	614.9 3634.5
4	Stores (34)		-14	9.04	3.67	14.83	141	246.38	251.76	855.12	1020.5
5	Textiles (18)		-1.1	11.95	4.32	9.61	0.19	585.46	516.98	516.27	717.
0	OTHER GROUPS (93)		-83	10.46	4.22	11.91	3.64	908.86	994.34	912.74	994.3
ũ	Agencies (19)		-0.9	6.79	2.21	18.99	4,36	1281.76	1213.68		1413.7
z	Chemicals (20)	1635.37	-0.9	11.56	4.76	10.59	18.00	1844.97	1040.61	1048.86	1254.5
<u>ا ق</u> ا	Conglomerates (14)	1198,35		9.54	4.40	12.28	3.14	1198.92	1199.13	1205.18	1278.0
15	Shipping and Transport (12).,	1992.59	A.D+	<b>8.53</b>	4,34	15.33	0.80	1988.87	1955.07	1963.36	2003,44
17	Telephone Networks (2),	981.71	-1.0	10.97	4.31	12,14	6.00	991.67	967.43	998.54	1916.07
8	Miscellaneous (26)	1217.48	+1.1	12.54	4.24	9.49	0.54	1203.99	1297.91	1207.16	1358.83
19]	INDUSTRIAL GROUP (487)	961.35	-8.4	9.33	3.88	13.51	2.85	964,82	%4.56	971.78	1074,8
1	0   & Gas (13)	1838.26	-0.1	9.53	5.67	13,65	_36.27	1844.58	1864.56	1866.63	1871.8
9	500 SHARE INDEX (500)	1035.48	-8.3	7.36	4.07	23,44	5.63	1938.88	1040.57	1147.40	1341.4
ī	FINANCIAL GROUP (122)	684.50			4.80		6.76	684.19	685.19	688.20	699.3
ž	Banks (8)		+8.6	22.58	6.66	5.96	15.42	668.20	667.72	673_19	737.6
5	Insurance (Life) (8)		-8.3	. =	4,96			1003.96	1023,73		994.26
6	Insurance (Composite) (7)		-8.4	- ]	551	- !	5.78	533.64	537.94	543.38	538.8
7	Insurance (Brokers) (7)		-8.5	14.14	7.58	9.01	16.28	856,54	456.A7	858.04	1206.17
8	Merchant Banks (11)		-0.2		4.00		0.02	357.30	357.67	368.29	361
91	Property (51)		+6.1	4.78	2.71	26.74	1.23	1142.75	1153.66	1132.29	957.13
익	Other Financial (30)		-0.2	9.67	4.26	12.99	2.03	493,37	400.02	488.63	459.47
1	(nvestment Trusts (82)	585.00	-8.2	(	2.95		3.72	886.51	887.23	893.36	117.5
1	Mining Finance (2)		+8.5	9.77	3.79	11.53	2.01	463.25	469.75	472.43	489.12
븨	Overseas Traders (8)	1039.71	-8.2	9.95	5.24	11.92	14.64	1033,31	1030.13		902.37
2	ALL-SHARE INDEX (714)	941.71	-0.5		4.15		5,78	94.17	945.70	951.46	1921.72
		lader No.	Day's Change	Day's	Day's Low	22	Mar 21	118	Mar 17	Mar 16	7ear
_	FT-SE 100 SHARE INDEX 4	1832.2	-3.2				_			1825.7	

_	FI	XED :	INTE	REST	•		REDEMPTION YIELDS   Mar   Mar   Mar	Abrox")
	PRICE INDICES	Wed Mar 23	Day's change %	Tue Mar 22	nd ad). today	xd ad). 1988 to date	i 2 (Coupons 15 years	8.06 8.75
2 3 4	5-15 years Over 15 years Irredeemables	123,29 142,05 150,50	+9.29 +0.28 +0.25	123,05 141,76 150,08 168,63 137,98	- - -	3.19 2.68 4.16 1.54 3.05	4 Medican 5years 9.00 9.13 5 Coupons 15years 9.24 9.27 6 25years 9.19 9.21 7 High 5years 9.19 9.22 8 Coupons 15years 9.38 9.42 9 25years 9.13 9.17	8.79 8.77 8.99 7.00 8.92 9.12 8.98 8.83
6 7	Index-Linked 5 years Over 5 years	124.72 117.72 118.13	+0.26 +0.14	124.40 117.55 117.96	-	0.51 9.88 9.85	Index-Linked 1.1 Inflation rate 5% 5yrs. 2.52 2.62 1.2 Inflation rate 5% 0ver 5 yrs. 3.82 3.83 1.3 Inflation rate 10% 5yrs. 1.63 1.72 1.4 Inflation rate 10% 0ver 5 yrs. 3.68 3.68	2.61 3.37 1.49 3.23
9	Préference	119.73 88,41		119.42 88.57	-	1.78	16 Leas 15 years 10.69 10.73 17 25 years 10.69 10.73	9.57 9.87 9.91

#### **WORLD STOCK MARKETS**



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FINANCIAL TIMES

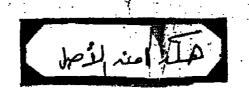
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**MILANO** Milano (02) 6887041 And ask Intercontinental S.r.L. for details.

heavy trading, a pattern similar

to that of retailer GB-inno which

jumped early this month on bid speculation. GB-Inno also saw

active buying yesterday and rose BFr30 to BFr1,230. Takeover target Société Génér-

ale, which heard on Tuesday that

Mr De Benedetti's French holding

company had not managed to

acquire a 50 per cent stake, was

trading on the cash market

Générale de Banque, which

announced an 8.7 per cent profits rise for 1987, lost BFr80 to BFr5,610 and the cash market

index closed 10.77 up at 4.973.21.

AMSTERDAM remained buoy-

ant, closing slightly higher amid

takeover rumours. The CBS all-

Biotechnology group Gist-Bro-cades, a rumoured target, rose FI

1.30 to Fl 35.90 on turnover of

advance of F1 2.80 after predicting

The insurance sector was also

firm, with Aegon up Fl 1.20 at Fl

Textile group Nijverdal-Ten Cate eased 60 cents to Fl 79.40 on

news it would buy the European denim operations of Burlington

STOCKHOLM recovered from early losses and closed slightly higher, helped by speculation fol-lowing the suspension of trading in Skandia and Skandia Interna-

The two were suspended before

announcing that they were tak

ing a 25 per cent stake in Norway's Vesta Group.

index rose 6.1 to 807.6, with most

sectors gaining. Carmaker Volvo B shares added SKr8 to SKr338

after Tuesday's news of its six-year SKr30bn investment pro-

ZURICH remained fairly static

The Affaersvaerlden general

259,666 shares for a two-day

better-than-expected 1988 results.

share index rose 0.5 to 86.2.

BFr170 higher at BFr8,130.

# Bond weakness pulls equities down slightly

**Wall Street** 

WEAKNESS in bonds and lack of conviction undermined the Wall Street equity market, which drifted aimlessly yesterday, writes Janet Bush in New York

The Dow Jones Industrial Average was in negative territory for the bulk of the session but then perked up again towards the close to end 1.49 points higher at 2,067.64. Activity picked up from the very quiet sessions on Monday and Tuesday but, with 168m shares changing hands, was still subdued compared with the end of last week when volume was

more than 200m shares daily. The bond market failed to consolidate on its steadier performance on Tuesday and closed around is lower. The Treasury's benchmark 30-year long bond closed # lower to yield 8.734 per

AFTERNOON profit-taking took

share prices off the day's highs in Tokyo yesterday, but the market

strong demand, especially for

large capitals, writes Shigeo Nish-

ivodci of Jiji Press.

The Nikkei average ended the day moderately higher, up 52.48

at 25,895.23, after reaching 25,959.85 mid-morning. The day's

low of 25,846.86 came at the start

of the session. Volume rose from 1.2bn shares on Tuesday to 1.5bn.

with declines leading advances by 509 to 396, and 159 issues

Trading centred on large-capi-talisation steels, shipbuildings and heavy electricals, with such

shares accounting for more than

half of the volume of stocks on

Nippon Steel, the most active

with 273.6m shares traded, closed

Y9 higher at Y484. The issue

nearly monopolised buying activ-

the 10 most actives list.

higher on continued

A 0.2 per cent increase in the consumer prices index in February, giving an annual rate of only

2.1 per cent, was in line with expectations. If the bond market were in a more positive frame of been hailed as a sign that the mind, these figures could have market was on the mend, has provided some support. Real GNP growth was revised upwards for the fourth quarter to 4.8 per cent from 4.5 per cent reported previously. Most market

estimates had looked for an

upward revision to 4.6 or 4.7 per

The key revisions to the data pushed consumer spending nigher and non-farm inventories lower, suggesting that the econ-omy was genuinely stronger than previously thought

The equity market's sluggish performance this week has wor-ried a lot of traders who had been Two important economic ried a lot of traders who had been releases provided evidence of looking for a sustained and gradhealthy economic growth in the ual rally from the post-crash

130.4m shares changing hands. Kobe Steel rose Y8 to Y344, Mit-

subishi Electric went up Y4 to

Y730 and Toshiba added Y3 to

front redevelopment projects

were hit as Nomura Securities

switched to selling after heavy

buying on Tuesday. Ishikawaji-ma-Harima Heavy Industries lost

Y16 to Y954 and Onoda Cement Y2 to Y899. But Tokyo Gas, also

considered one of these issues, jumped Y40 to Y1.270 with the fifth largest trading of 63.9m

Many steels and shiphuildings

scored new highs during the day

leading to investor caution at

high price levels. But individual

investors, non-residents and deal-

ers continued to buy, seeking short-term profits, although insti-

Among high-tech issues, NEC

closed unchanged at Y2,150 and Sony ended Y40 cheaper at

Y5.250. Matsushita Electric Indus-

ity in the afternoon, with trial gained Y20 to Y2,700 on vol-Nomura Securities purchasing une of 13.8m shares and Oki

Some stocks related to water-

beginning to undermine confidence in the market's health. First, the rise in second-tier stocks, which had counterbalanced weakness in blue chips and slowed. Second, the only real interest in the market is in "story" stocks of companies with special appropriements to make

explosion in takeover activity. The weakness of the bond mar-ket, which in the course of this year has gradually shifted from hopes of a weak economy and, therefore, lower interest rates to fears of a rise in interest rates to head off higher inflation, has also begun to damage equities.

and those involved in the current

One long-running takeover battle seems to have ended after the announcement that Black & Decker had dropped its bid for nary contact with a number of American Standard in return for other possible bidders.

Large-capitals kindle moderate Nikkei rise

The expansion of private equip-

ment investment helped push

Sumitomo Heavy Industries Y30

higher to Y620, Amada Y40 to

Y1,240 and Omron Tateisi Electronics Y40 to Y2,410.

Elsewhere, Tokyo Electric chalked up a Y140 increase to Y6,370 and Fuji Electric climbed

Y7 to Y696. Nippon Telegraph and Telephone gained Y50,000 at one stage, but finished Y20,000

higher at Y2.44m.
Bond prices rallied, with many

the 5.0 per cent govern

bond due in December 1997 will

remain within a range of 4.4 to

4.5 per cent for the immediate

future, according to market ana-

per cent from Tuesday's 4.485 per

Y20 to Y1.880.

Department Stores continues for each common share. South anabated after Campeau's down, whose hid Moore turned announcement of a two-tier offer worth \$73 a share which tops the rival bid worth \$68 a share by R. H. Macy & Co. Federated rose \$% to \$69%, its highest level this

One of the day's most active stocks was CalMat, which surged \$13% to \$45% after news that it had received a takeover offer of \$40 a share from Brierley Invest Groller, the US publisher and

distributor of encyclopaedias, rose \$% to \$26% after announcing that it had rejected a \$21 a share takeover bid from Hachette, the French publisher, and saying that it had made prelimi-

up 35m. Nintendo fell Y100 to Y8,900

and Toa Wool Spinning Y70 to Y1,460. But Seiren jumped Y70 to

Australia

STRONG institutional buying of

industrials and continued take-

over activity took the market higher after a weaker opening

aused by profit-taking.
The All Ordinaries index rose

Buy recommendations from

FAI rose 20 cents to A\$5.10 as

ae company. Hints from Industrial Equity's

Wall Street brokers sent News

Corporation 80 cents higher to

Y760, on the planned I

of dividend payments.

dealers buying actively in spite of the uncertain interest rate trend in the US. They believe the yield All Industrials index put on 18.5

The yield on the barometer 5.0 investor Mr Joseph Gutnick con-per cent bond went down to 4.440 firmed he had sold his stake in

Investors' demand for some Mr Ron Brierley of improvements

to 2,300.7.

fourth quarter of 1987 coupled highs reached at the end of last with subdued inflation. The figures had little impact on equities but tended to undermine bonds. of current trading which are \$2.5bn. American Standard is stion plan. The company said it \$2.5bn. American Standard isation plan. The company said it dropped \$% to \$76%, while Black would pay special dividends & Decker rose \$% to \$20%.

The battle for Federated principal amount of debentures down, was up \$2% at \$42.

#### Canada

STRONG COMMODITY prices pushed Toronto stocks broadly higher, with base metals and golds leading the advance. The composite index gained 29.34 to 3.359.79 as advances outnumbered declines by 496 to 334 on moderate turnover of 25.1m. Stronger nickel prices had an impact on heavily weighted Inco and Falconbridge. Inco gained

**Hong Kong** 

RUMOURS that the Hong Kong

reporting on Friday, lost 40 cents

to HK\$11.90. HK-TVB, which

reported a profits rise of 30 per cent after the close, dropped 10

Singapore

SPECULATIVE buying and bar-

gain hunting helped push share prices marginally higher, with

The Straits Times Industrial

index rose 3.65 to 961.5 in moder

investors, with institutions stay-ing on the sidelines.

ate trading dominated by small

32.89 at 2.561.91.

cents to HK\$13.90.

C\$½ to C\$31½ and Falconbridge rose C\$1½ to C\$24½. Noranda climbed C\$1 to C\$24½ and Alcan Aluminium rose C3% to C\$36%. Government's sale of its 16 per

paper group may fall into unfriendly hands.

avoided taking long positions.

The Banca Commerciale index added 2.23 to 523.93 with share prices improving further in the renationalisations if elected. CGE Association of Banks is going to raise interest rates sharply led to speculative selling and the Hang Seng index ended the day down prices improving further in the after market. But sentiment was hit somewhat by the stance of the institutions, which were tak-Swire A, which reports 1987 results today, fell 10 cents to HK\$17.90 and Jardine Matheson, ing short-term positions only. The stabilising influence of

> Montedison rose L35 to L1,450 anzaria, lost L79 to L9,801.

Benedetti might sell some or all of his stake in Chivetti pushed the office equipment specialist up L364 to L10,765, rising to L11,900 encouragement from gains in Tokyo and the steadier dollar. after hours. State-controlled food group

rumours - varying from reports it may be privatised to sugges-QAF rose 6.5 cents to 52.5 cents, with 4.3m shares traded, tions it may make an acqu and gained L88, or 3.6 per cent, on rumours of a takeover bid. UOL fell 10 cents to S\$1.37 following news of disappointing results and a proposed rights issue.

despite the uncertainty the issue

## Takeover rumours return to fuel general advance

TAKEOVER TALK and a rash of rumours boosted most European bourses yesterday, but West German shares were hit by worries in the car sector, writes Our Mar-

FRANKFURT was buoyed in early trading by continued strong demand for VW shares, but ended lower as rumours affecting the car sector led to an afternoon wave of selling. The midday FAZ index was up 3.65 at 474.14.
Rumours buzzing around the bourse said Daimler was to intro-

duce short-time, and there was talk of a heavier US tax on cars with high petrol consumption. Daimler denied the short-time rumours but lost DM20.50, or 3 per cent, to DM668. BMW fell DM6.50 to DM519.50 and Porsche dropped DM14 to DM528.

VW rallied, adding DM4.40 to DM250 amid expectations the

cent stake in the company would Axel Springer lost DM5 to DM560 on fears that control of the leading West German news-

MILAN saw continued volatility as rumours made their way around the market and investors

the long-term investor is missing from the market," said one ana-

after news of its restructuring, while its services holding company Iniziativa Meta, which will be incorporated into Ferruzzi Fin-Rumours that Mr Carlo De

PARIS took President Mitter-rand's candidacy in its stride

London

**EUROPE** 

EXPORTING stocks were hit by renewed upward pressures on sterling and the FT-SE 100 index lost 3.2 to 1,832.2.

Investors continued to shy away from international favourite ICI on fears of the effect of the strong pound on its overseas profitability. Vol-ume rose, helped by selective activity in stocks reporting

has created in the market over the past three wee

A fresh bout of takeover speculation injected some life into trading to lift the market late in the day so it ended the monthly account on a higher note. The Indicateur de Tendance added 0.60 to 105.20.

Cie du Midi, the insurance group that has been a frequent target of speculation, gained FFr86 to FFr1,352, and its property unit Immeubles de la Piaine Monceau added FFr14 to FFr361. Mail order house La Redoute,

facing a bid from department store chain Printemps, led retail-ers with a FFr45 rise to FFr2.270. rose FFr3.60 to FFr227.10, Havas FF17 to FF1519 and CCF FF11.70 to FFr111 but Paribas eased 40 centimes to FFr308.60.

Engineering group Schneider shed FFr1 to FFr254 after its revised offer for 100 per cent of Telemechanique, still suspended. BRUSSELS was lifted by another round of takeover speculation which sent shares in retailer Delhaize soaring. The stock gained BFr430, or 9.4 per cent, to BFr5,000 in extremely

towards the close.
In gold issues, Kloof lost 75

cents to R31.50 and Elandsrand dropped 25 cents to R16, while

Vaal Reefs gained R2 to R259 and

Harmony firmed 25 cents to

in spite of a rise in volume and the Crédit Suisse index gained 2.6 to 460.8. SOUTH AFRICA

Hoffmann-La Roche caused the greatest stir, with its bearer shares gaining SFr21,500 to AN ABSENCE of fresh incentives SFr173,000 in heavy trading amid left the Johannesburg market speculation it will change some steady, with golds ending mixed of its expensive bearer shares as the bullion price dipped aper registered stock.

Machinery manufacturer Sulzer moved up SFr75 to SFr4,750, denying reports that it had reached agreement with financier Mr Tito Tettamanti's syndicate, which is looking to buy the company.

#### giant-capital issues and blue to his joint A\$25m bid for Bell chips continued on the Osaka Resources pushed the target Securities Exchange, but prices group up 7 cents to A\$1.72, while sagged in general. The OSE stock Rheem and its suitor Email both average fell 17.41 to 26,039.7 on added 10 cents to A\$2.60 and Sumitomo Metal Industries Among biotechnologies, added Y10 to Y396 and was the second most heavily traded with on Y100 to Y4,360, Eisai added Japanese overseas sales drive reaps rewards

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

3.76 0.70 1.65 3.42 3.27 4.07 1.73 2.08 2.27 3.58

83.09 70.132 121.88 78.40 166.74 120.73 145.55 109.25 113.08 113.08 1146.53 117.78 84.12 139.17 109.56

109.53

109.53 162.21 141.15 110.21 91.15 107.65 140.44 127.47 128.45 110.17

2.29 128.50

105.84 80.87

75.30 70.84 100.58 108.73 73.54 134.39 120.24 347.06 95.12 62.74 106.62 105.53 80.32 127.23 104.74 73.40 112.50 109.62

93,35 131.86 116.53 109.73 81.34 99.71 116.08

113.97

114.06 103.35

113.82

AGGRESSIVE foreign buying of Japanese equities this year has helped fuel Tokyo's dramatic recovery to pre-crash levels and crowned a sales drive by leading securities houses, *vorites Shigeo Nishiwaki of Jiji Press*.

Net foreign purchases on the three major exchanges, Tokyo, Osaka and Nagoya, from January 4 to March 12 totalled Y520.8bn (\$4.1bn), compared with net sales of Y67.9bn by domestic financial institutions and net purchases of Y66.1bn by investment trusts.

The foreign buying contrasts sharply with last year's, when foreigners sold far more Japanese shares than they bought. Their net sales in 1987 reached a record high of Y7,192.8bn, which was research department of Nomura Buy orders placed with large nearly offset by domestic finanSecurities in Tokyo, was one of securities houses have come

Figures in paren

Australia (89).

Austria (16)

France (121).

Italy (94). Japan (457) ... Malaysia (36).

Mexico (14)

USA (585) ....

Europe (964)

Pacific Basin (677) ro-Pacific (1641)

North America (711)

Europe Ex. UK (637).

Pacific Ex. Japan (220 World Ex. US (1842) ...

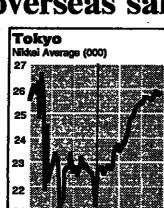
World Ex. UK (2100).

World Ex. So. Af. (2366) World Ex. Japan (1970)...

Netherland (37) .... New Zealand (23) ... Norway (24)

Singapore (26)
South Africa (61)
Spain (43)
Sweden (32)
Switzerland (53)
United Kingdom (327)

West Germany (94) .... Hong Kong (46) ....



high of Y7,192.8bn, which was nearly offset by domestic financial institutions' net purchases of those who took part in the campaign early this year to persuade European institutions to buy Japana was some net selling by

Oct 1987 Jan

WEDNESDAY MARCH 23 1988

109.14 99.69 95.13 100.38 67.49 65.09 81.05 98.57 63.53 135.43 99.12.45 88.63 63.45 99.73 109.62

120.26 95.85 68.43 112.50 88.54

88.80

74,11 87,07 114.01

103.36

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd.1987 Danish market closed on March 23, irish prices were unavailable for this edition.

118.01 92.05 135.12 123.42 117.71 124.28 83.56 80.58 100.34 122.04 78.65 121.31 139.22

109.72 78.55 123.56

113.57 135.96 148.89 118.66 84.72 139.27

109.62

109.94 163.08 141.84

110.35 91.75

107,80 141,15 127,96 128,91

128,96

831.4.2.1.6.9.0.1.3.6.5.3.4.2.3.4.5.6.7.7.1.1 +0.1.4.2.1.6.9.0.1.3.6.5.3.4.2.3.4.5.6.7.7.1.1 +0.1.4.2.1.6.5.3.4.2.3.4.5.6.7.7.1.1

+0.4 +0.5 +0.5 +0.1

Equity Net Sales and Purchases by Foreigners (4bn) Net Sales 1000 🖁 1500 🖁 2000 2500 Oct 1987 Jan 1988

There was some net selling by foreigners in the first two weeks of this month, but this has turned back into net buying in the past few days, according to the London office of Salomon Bros, the US investment are selling to those who took part in the campaign early this year to persuade funds, investment trusts and banks, especially in the UK. Institutional investors in Italy, which liberalised controls on investment are selling by far and foreign orders had been coming in for stocks such as the London office of Salomon Bros, the US investment trusts and banks, especially in the UK. Institutional investors in Italy, which liberalised controls on investment trusts and banks, especially in the UK. Institutional investors in Italy, which liberalised controls on investment trusts and banks, especially in the UK. Institutional investors in Italy, which liberalised controls on investment are securities. turned back into net buying in the past few days, according to the past few days, according to shares.

Leading Japanese issues with high liquidity, such as Nippon and securities firm. It estimates that after last year's net sales of the social securities. The social securities for the social securities for the social securities for the social securities for the social securities. The social securities for the social securities for the social securities for the social securities for the social securities. The social securities for t

Bros, the US investment banking and securities firm. It estimates Kokan, Ishikawajima-Harima that after last year's net sales of Heavy Industries, Sumitomo rities, said foreigners had been over \$50hn, foreigners will make Chemical, Mitsubishi Estate, \$25hn-\$30hn net purchases this Tokio Marine and Fire Insurance specially non-

TUESDAY MARCH 22 1988

94.86 74.36 109.59 67.33 64.75 82.71 95.85 135.12 97.85 117.95 63.81 91.63 110.54 110.54 118.75 68.79

88.76 131.45 114.39

89.31 73.87 87.24 113.81

105.34 80.63 118.36 109.91 103.80 105.05

74.98° 70.35 101.54

101.54 108.73 73.31 133.96 119.75 363.24 94.85 63.02 104.58 105.08 80.59

125.83 104.27 73.09 112.78

109.56

93.23 131.47 116.25

80.94 99.75 115.77 113.69

He said many foreign fund managers now believed they could not significantly improve the performance of their interna-tional portfolios without diversi-fying into Japanese equities, which account for as much as 42 per cent of the total capitalisa-tion of leading stock markets around the world This view is shared by other

securities firms. Mr Masayoshi Katsuta, president of Kleinwort Benson investment Management, said international investment that ignored Japanese shares was Mr Masazumi Konishi, the

director of the equity division of Yamaichi Securities who stayed in Europe and the US until early March as part of the sales drive, said many foreign fund managers were strongly interested in Japa-nese shares. But, he added, they were concerned about the high average price-earnings ratio of 81.5 for the 225 selected shares represented in the Nikkei stock average. He believed the heavy

However, many large securities attracted by Japan's good eco-nomic fundamentals since the to hit an all-time high next year.

Mr Kenji Kobata, deputy general manager of the equity

and Sankyu, were especially popular stock market crash in month on the strength of heavy october and by Tokyo's lead in buying by domestic institutions which follow foreign investors.

DOLLAR INDEX

1987/88

85.36 84.35 94.63 98.15 98.18

72.77 67.78 73.92 93.50 62.99

100.00 93.76 90.07 87.70 64.42 95.51 81.21 100.00

100.00 100.00 88.50 73.65 99.65 91.21

92.25 100.00 100.00 91.68

100.00 100.00 100.00

92.98

113.60 | 139.73 | 100.00 | 122.87

121.82 104.93 158.68 160.22 112.11

167.66 193.64 422.59 131.41 138.99 185.01 174.28

198.09 168.81 136.64 111.11 162.87

130.02

163.08 143.65

137.55

111.97 164.03 143.38 138.82 139.47

120.14 93.64 118.13 133.77 113.09

120.42 87.58 112.08 130.50 103.09

127.19 133.64 146.47 112.02

97.00 127.09 122.28 162.56 110.16 114.58 96.93 132.76 123.57

114.25 126.30 121.50 124.11 102.79 115.44 122.40 121.91 122.61 120.81

#### **APPOINTMENTS**

### **Promotions at** Allied-Lyons

TED-TAONS following appointments to its the combined operation.
board from April 19; Mr Charles

E. Arnett (US), director of J. GKN KWIKFORM has appointed Lyons & Co., and chairman of three regional directors: Mr Rick Allied-Lyons North America Cor- Gilroy (south); Mr Robin Brooks Allied-Lyons North America CorGirroy (south); Mr Roum Brooks
poration; Mr David Beatty, senior (midlands & south west); and Mr
executive vice president, David Wilkinson (north & Scotoperations, of the joint manageland).

ment board of Hiram Walker-Allied Vintners; Mr Derrick Brown,
director, and chairman of the grocery and frozen and chilled foods THOMAS ROBERTS (WESTMINsectors, of J. Lyons & Co.; Mr STER) from March 31. He sucJohn A. Giffen (Canadian) an ceeds Mr JWT. Saunders, who is sectors, of J. Lyons & Co.; Mr STER) from March 31. He sucJohn A. Giffen (Canadian), an executive vice president of the
joint management board of
Hiram Walker-Allied Vintners,
and chairman, Hiram Walker
Allied Vintners (Canada); Mr mon-executive adviser to the
Michael J. Griffiths, director of
Allied Brewerles, and managing
director of Ind Coope; and Mr
Donald Marshall, director of
Allied Brewerles, and managing
director of Tetley Walker.

management at EBC Amro.

BANK has appointed Mr Martin Ashurst as a manager in the forfaitting department. He joins from the Scandinavian Bank, where he was manager in charge of forfaitting operations.

Mr Richard Allan has been appointed director, policy unit, at BRITISH RAILWAYS BOARD J.D. WILLIAMS, mail order sub from May 16. He is on second-ment for two years from the appointed Mr Nigel Green as Department of Transport, and succeeds Mr Philip Wood who is Polaroid (UK) where he was marreturning to the Department.

M&G ASSURANCE GROUP has appointed Mr Robert McCrindle and Mr Tony Shearer to the board. Mr McCrindle is a consultant to the British Insurance and

Mr Frans ten Bos has been responsible for acquisition strategy. He joins from Southern Air, which granting division. He was one of the founding directors of Bulls Frieson which the group acquired in April 1986. Since then Bulls Frieson has been merged with Wace's subsidiary Brandprint,

J.H. MINET & CO has appointed CITATION CONSULTING has Mr Trever Anderson as an appointed Mr Ian Archbell as administration director of the marketing director. He joins from fine arts and jewellery division. He will (UK).

DATAQUEST has appointed Mr CRC SECURITIES has appointed Philip Daney de Marcillac as Mr Francis Brereton as invest- director of its newly-formed ment director, and chairman of European computer group. He CRC Asset Management (Guern-sey). He was a director of asset with the International Data Corporation.

HUNGARIAN INTERNATIONAL. Mr Peter Hunt, director of gov-BANK has appointed Mr Martin ernment and industry affairs for Ashurst as a manager in the forbeen elected president of THE BRITISH SOFT DRINKS ASSOCI-ATION. He succeeds Mr Ian Valder who has become commer-cial director of the British Waterways Board,

> keting manager. He succeeds Mr Alan Street, who has become wishes to retire next year.

Mr Jerry Noble has been appointed general manager Investment Brokers Association. group developments and subsid-Mr Shearer is finance director of lary companies, BRITISH the parent company, M&G ISLAND AIRWAYS. He has overall control of Island Sun, and Ticketpoint, he will also he

> Mr John Murphy, a partner in Bartietts de Raya, is to join THEODORE GODDARD on April 5 as a partner in the corporate department.

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UNIVERSITY OF MANCHESTER

#### **Small Business**

The Financial Times proposes to publish this survey on: 22nd April 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

> Brett Trafford on 01-248 5116

or write to him at: Bracken House 10 Cannon Street

London EC4P 4BY FINANCIAL TIMES

# **SECTION III FINANCIAL TIMES**



s retur

The impact of converging technologies, electronics, new materials and

computerised production techniques is having a profound effect on the motor industry and its suppliers worldwide. It also has far-reaching consequences for drivers, too. as **John Griffiths** explains here

# The test of intelligence

THE planned takeover of the has spent \$7.4bn on acquiring IIK's Rover vehicles group by Hughes Aircraft and Electronic UK's Rover vehicles group by British Aerospace, whatever the detailed arguments about its merits, provides one more example of an accelerating, and now seem-ingly unstoppable, trend.

This is the convergence of previously disparate industries around new core technologies, embracing mainly electronics but also new materials and the methods of working and assembling

No-one would expect to see a jet-powered Rover emerge from such a takeover (even less a Rover-powered jet). But there is now a growing motor industry concensus that the computer-controlled, fly-by-wire jet airliner of the future will have have its counterpart in the computer-controlled, drive-by-wire "intelli-gent" car of the future, and possi-

bly by the end of the century. Saab-Scania of Sweden was a pioneer, years ago, in finding synergy between the aerospace and car industries, which the gathering electronic systems rev-olution has served only to inten-

More recently, Daimler-Benz of West Germany has acquired the Domier serospace and MTII electronics groups. General Motors

Data Systems, while Ford's turnover in the aerospace field many forget it makes satellites as well as new cars - already exceeds \$2bn.

There is plenty of obvious common ground: the systems of sen-sors, electronic control units and "multiplex" wiring which 'actively" control aelerons can equally control suspension. steering and other behavioural pects of the car.

The jet engine and fuel systems of the fighter share at least the principles of engine and transmission management in the

The aerospace industry searches constantly for new searches constantly nor new sach – and rippie out, also bene-materials which are stonger, ligh-ter and cheaper to produce – a quest shared by every car-maker. And, more hesitantly and with a might not yet be intelligent, but long way still to go, the two industries are groping their way towards common ground, even in the field of manufacturing. Driven by intense competition, car-makers are chasing hard after

highly flexible, computer-integrated manufacturing methods. One objective is to lower yet fur-ther the volume threshold at ther the volume threshold at ticularly significant portent of which a single car model things to come. This is because,



# **Towards the Car of the Future**

And within this maze of new production technology, the aerospace industry may well find solutions to some of its own prob-lems of how to make complex parts, in relatively much lower volumes, more efficiently and cost effectively.

This pooling of expertise by edge" should produce benefits to each — and ripple out, also bene-ficially, to other industries.

there are certain areas where it is beginning to "think" for itself. Examples of these include antiskid braking and traction control, which prevents the wheels skidding under acceleration.

The latter provides, in one present-day production car, EMWs latest Seven series, a par-

becomes viable. Another, assum-ing increasing importance, is to mechanical link between the whether drivers will actually be able to build, easily, more ver-driver's foot on the accelerator want such systems in their cars

over-enthusiasm. Instead, it the driver in pursuit of collision orders the engine to accelerate avoidance.

only at a rate which, wheel sen

Many of these questions are sors have told the computer sys-tem, can be sustained by the

fundamental issues about the car all Eureka technologies research of the future which are a long programme. two major industries which are way from being resolved. The right on technology's "cutting technology is fast becoming major goal of at least halving the "Active" steering in which, like

the BMW's accelerator, the turn of the century. driver's steering wheel conveys, via an electronic control mit. only digital inputs to the steering well as cars which are intrinsisystem itself. Again, over-correc-tion of a skid, for example, could lead to the driver's input being explored by Prometheus, howpartly ignored.

Collision avoidance, in which infra-red, sonar or radar systems continuously monitor the safe distance to a vehicle ahead and,

sions of a model to appeal to the and the engine's response.

of the future. And from a broader many niches into which new car if the driver thrusts the accelulation, there are posthird, again driven by competinadequate, a computerised interstive pressures, is to reduce model face ignores such fallible human partial removal of control from

pan-European "Prometheus" col-laborative research project, being The ramifications of this aspect undertaken by 12 European vehiof "in-car high-tech" raise some cle-makers within the EC's over-

Prometheus has identified one number of Western Europe's 50,000 annual road deaths, by the

It hopes to create a safer environment for cars to operate in, as cally more safe to use. Some of the avenues being

ever, are uncontroversial and promise both hig benefits to road users and the creation of vast new markets for all manner of electronic and other component if necessary, decelerate or even brake the car to preserve it.

Questions then arise, from the ing in-car units with a network of control of the high-tech decelerate or even suppliers. Most notable is an emissions laws.

emissions laws.

on more up-market models is principle of the high-tech control of the high-tech con

traffic-light mounted information the attention of "customers, at beacons, envisaged eventually for least in highly industrialised the whole of Europe and possibly beyond. Trials are just beginning more of their incomes left over to in West Germany, the UK and Other sophisticated car elec-

tronics yet to come are likely to be seen as unalloyed benefits. "Active" suspension in its proper sense, using two-way hydraulic rams instead of conventional springs and shock absorbers, will lift a car's wheel over a bump, for example, setting new standards of ride and handling. Vehicle manufacturers, engi-

neering consultancies and all As Mr Peter Walzer, head of cent by 1998.

research at Volkswagen points pressures on the car industry model of car. A range-topping , taking it ever deeper into high fuel-injected, anti-skid braked, technology. One is that rapidly four-wheel-drive model can be maturing markets are limiting twice as expensive as the base sales growth, forcing manufactur-model. ers to increase value per vehicle.

bly, and sometimes not so sensi-

far-reaching consequences for all involved in making the vehicles or supply their components and production systems.

Precise estimates vary, but it is

widely accepted that the electronics content of cars is now on a sharp upwards curve. Dr Walzer, for example, estimates that the involved in bringing such vehi-level will rise from an average of cles into production are not doing 6 per cent of the manufacturing cost of a car now to around 24 per

However, there are already out, there are three principal wide variations even within one

For the components industry The second comes from legisla- this is now a serious issue. For it tors seeking to counter some of has begun to dawn on the vehicle the adverse impacts of the car, manufacturers that the lion's for example through safety and share of the value added content

#### CONTENTS

trends triggered the quest for luxury motoring; overseas partnerships when exporting is less easy. foreign friends can help; direct investment overseas - US tavoured as labour costs drive manufacturing abroad 3

United States: all eyes of Project Saturn in the race for a cost and quality; GM looks to the

Engine technology: balancing power and economy; diesel ngines, an important option electric cars: limited potential

Components and materials: plastics content of the car of the future is set to rise substantially electronics; profile of March, the engineering group.

Partnership profiles: Cosworth and Ford; Hawtai Whiting and GM; the price of high tech components 9 Profiles: International Automotive Design: Ricardo Consultino Engineers; Planning Research and ms: ceramics - going coo on radiators; research into automotive electronics

Profiles: AVI the independent Lotus Engineering: enthusiasm for active suspension systems 11

Car design: a complex challenge for designers; the commercial

☐ Graphics by Bob Hutchison;

components suppliers such as West Germany's Robert Bosch. Growth in the variety and more of their incomes left over to absolute level of demand for spend on technically sophisticated luxuries, sometimes sensicertain that those independent component suppliers which innovate in their own right, have a strong design base and are cost-efficient will still be net beneficiaries of the high-technology car

> But they still have to face up to the fact that vehicle makers will want a slice of the action by developing and producing more advanced components "in-house (at which point the aerospace and electronics acquisitions really start to make sense).

> in turn, this could well mean prized crumbs from the highly industrialised states' table for the less-developed world's component industries, for example through producers in high-cost nations making room for the extra high-tech work by farming out more

abour-intensive parts.

Yet other factors in this fastchanging kaleidoscope could well work in the independent component industry's favour. For components where long lead times and very heavy capital invest-Continued on page 12

# It's Grown OUT OF RACING

Controlled acceleration. Accurate comering. Progressive braking. And lots of anticipation Those are the keys to enjoyment in a car like this. It's not for the inexperienced, but oh, how it rewards skifui, fluent driving.

The new Sapphire RS Cosworth is a

famous winged racer -The World Touring Car Champion. a full scale production car. As you'd expect of a

direct descendant of the

But this is power of a different kind; not so much raw as refined. When the turbo boost comes in (which it does at only

progressively and builds smoothly. Drive it accordingly. Everything is on your side. A superb driving position with marvelious all round vision. Recaro seats

2000 revs) it comes in that hug you in place. Brilliant headlights.

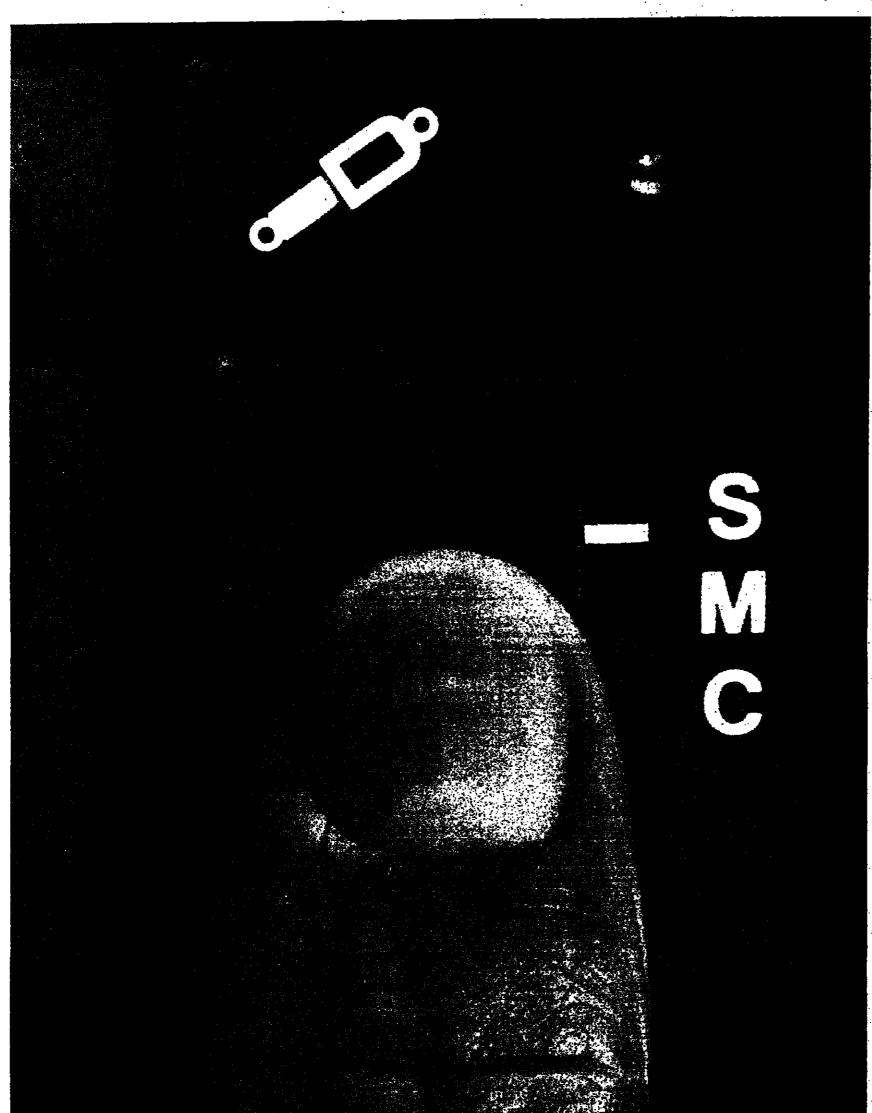
short, precise throws. Perfectly weighted power

Compliant suspension, for sure-footed handling. And, of course, those wonderful anti-lock brakes. It's always rewarding to drive such a car. It draws on your ability and is all the more satisfying for that. So how much, you might wonder, does this Cosworth

than you think Especially compared with other cars of comparable performance (and how many of those have four seats?) The price is £19,000? For further information, call free on 0800 010112. Or better still see the new Sapphire RS Cosworth at Ford RS dealers now. Developed on the race track there's little to touch it on the road



# IF YOU DON'T FANCY THE SUSPENSION YOU CAN ALWAYS CHANGE IT.



The computer will also change the ride out of 'Comfort' into 'Medium' if you go over 70mph.

To give you that extra measure of control that a firmer ride bestows.

fflu

But then being effortlessly in control is what being in the Senator is all about.

You may never have heard of our unique approach to suspension design, Advanced Chassis Technology.

But you instantly understand what it means when the Senator stays on course as you swerve to avoid a fallen tree.

Then again, you may have read something of ABS braking, standard on the Senator CD.

But it's only when the Senator pulls up in a straight line as a child's ball bounces out in front of you that you realise its true importance.

And Servotronic power steering, doesn't that just make the Senator relaxing to drive?

No, it also makes it safer to drive, because the level of assistance varies progessively according to your speed, so you never lose touch with the road.

From the gearbox with 'Power,' Economy' and 'Winter' settings, to the height adjustable seat belts, almost everything about the Senator is designed to accommodate different motoring conditions and different motorists.

To accommodate different pockets, there's a range of three models, with prices from £15,275 to £20,414.

Your Vauxhall dealer is awaiting your call to arrange a test drive. All that's required is your finger.

THE SENATOR CD.

You won't need a degree in engineering. All that's required is your finger.

Flick a switch on the dashboard of the new Senator CD and the ride changes.

In the 'Comfort' position it softens.

The suspension relaxes to soak up the bumps and smooth your journey. (Perfect for those patchwork city streets.)

A firmer ride and more positive handling are the virtues of the 'Sports' setting.

And a snaking country lane is the place to fully appreciate it.

The third setting, 'Medium', is the one

you will use for most day-to-day driving.

It gives a ride that is both controlled and comfortable.

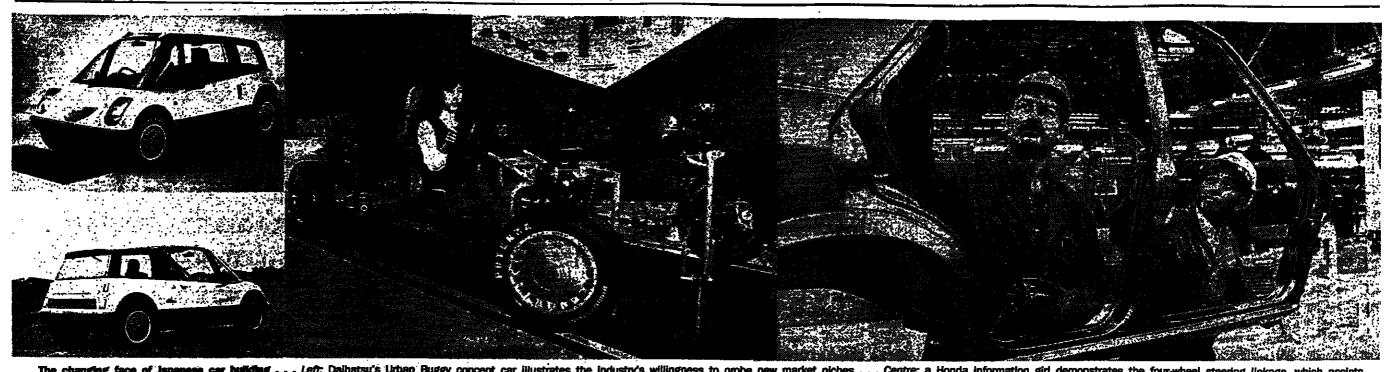
A computer oversees the Electronic Ride Control system on the Senator CD.

Every 2.5 milliseconds it checks that all is well.

If it isn't it will try to correct the fault.

And if it can't it will change the ride safely into 'Medium' and warn you on the dashboard.





The changing face of Japanese car building . . . Left: Daihatsu's Urban Buggy concept car illustrates the industry's willingness to probe new market niches manoeuvrability . . . Right: the international approach at Nissan's plant at Washington, Tyne & Wear.

Japanese manufacturers are spending a good deal of money upgrading their cars, combining extravagance with good sense

# Affluence has triggered the quest for luxury motoring

ONE THING is already certain provide similar power to a Merbuilt into the steering wheel and about Japan's car of the future: it cedes with a 5.6 litre engine. The the receiver is in the headrest. will cost a lot more than today's

appreciation of the yen. Japanese car-makers are lifting their sights beyond the mid-line, economical car they have become famous for. In order to stay ahead of cheaper models from lesser-developed countries, Japan's car of the future will be more powerful, more luxurious and more expensive than any of its cars so far The trend to luxury has

already taken root. In January, for example, Toyota's up-market Crown was the best-selling car in the Japanese market, with sales more than double those of the previous year. Nissan's new saloon cars, with 3.2 litre engines, are also selling unusu-

affluent, they are allowing their ar makers to enter an era of creative maturity. Both Nissan and Toyota, for example, are setting up new dealership networks to ell as yet-unveiled luxury cars in the US market by next year. Although Honda has been quicker off the mark, with its Acura line of up-market cars, that they have higher sights than Honda. Japan's two largest carmakers say they have nothing and Porsche in their line of

Clues to the new Japanese recent Tokyo Motor Show. Toyota's FXV-11, with a V8, 3.8 engine has a four-cam 32-valve magnesium fibre-reinforced metal pistons, ceramic exhaust pipes, and ceramic turbine

These materials, plus a low wide-bodied car with a sleek, drag coefficient and the engine's expensive look, but containing a super turbocharger system, new ceramic, turbo-charged according to Toyota, give the car engine with just three litre dis-

As car-makers sought to present a luxury image, even Mitsubishi, known for its sporty Colt cars, showed a car called the Debonair Gallant with a hood ornament standing over a gleaming aluminium grill.

the European cars it will be com-

rates four-wheel steering and ury car market in da four-wheel drive, now almost to compete with BMV

cedes-Benz. Its huxury export. it the electronics department, the says, will have a four litre or four great deal of money to the

displays for speed and warnings, navigational aids and the car's owner manual.

The panel also allows the driver to use his car telephone without lifting his hands from sultant for American auto parts in account foreign tastes and accoun companies, who visits Tokyo reg- passions.

Mr Yasuhiko Misaka, general ing on R&D has been at the heart ds than German cars and also handled better at lower sneeds. The car will sell in Japan

Other car-makers were equally shi Motors, known for its sporty Colt cars, showed a car called the Debonair Gallant with an MMC hood ornament standing over a gleaming aluminium grill. The new Gallant, priced at Y4.2m, offered leather seats and a three

placement. Still, the engine the Gallant sports an engine with sports up to 255hp, giving it a double overhead camshaft, four "comfortable reserves of perfor-valves per cylinder, two-litre disclaims to be the world's first car

FXV sports a 10-inch display unit litre-plus engine. But the Clum upgrading of their cars. Even with infra-red touch switches. In gives the general impression of Nissan, where profitability is curaddition to containing a CD what will be coming down the rently under great pressure, is player, TV and Smm video systems of their cars. Even with infra-red touch switches. In gives the general impression of Nissan, where profitability is curaddition. TV and Smm video systems and from Japan.

Note: TV and Smm video systems of their cars. Even in the class of their cars. Even with infra-red touch switches. In gives the general impression of Nissan, where profitability is curadition.

#### Japan: direct investment overseas

# US favoured as labour costs drive manufacture abroad

IN THE future, Japanese cars will be built in the markets in which they are used. Had Japan suspended all its exports of cars, lorries and motorcycles in 1987, its \$96bn trade surplus would have been half that size.

For reasons of politics and economics, the car industry is taking steps in that direction. They are, and will be, most obvious in

Half of all Japanese motor vehicles still end up in America. The appreciation of the yen against the dollar since late 1985 has already forced Japanese manufacturers to hike their prices by about 30 per cent (and make deep cost and profit-margin cuts as

Investing in America is the best way to hedge against the risk of another deterioration. It is also necessary for growth. The export of passenger cars to America has been capped at 2.3m units since 1981 by "voluntary export restraint" agreements - quotas

by any other name. Last year Japan's car-makers fell shy of that target anyway, and will do so again in 1988. Japan's five main passenger carmakers are all looking to build more cars in America (and more bits of the cars they do) rather

than sending them there.

At current exchange rates, Japanese labour is now more expensive than American or West German labour, and other inputs land, power and steel all cost more, too. So as early as 1990, Japan is expected to be manufacturing about 20 per cent of its cars in America, as many as it now exports there under quota. Honda is already exporting cars from America back to Japan.

Horda is the acknowledged leader in American production. In 1986 it emergered as America's fourth biggest car supplier (after General Motors, Ford and Chrysler). Honda's first American car plant, in Ohio, started production

Last year, Honda built and sold soon will be as well. Engines cent of the market: in France, 3 324,000 cars in America, and account for only about 20 per per cent. shipped another 421,000, compared to Toyota's 609,000 cars, all them is the most high valuected exports. By 1990, the company aims to be making as many cars in America as it exports.

rivals. Honda has emulators, too. In February, Nissan announced the completion of the first stage of a joint development agreement with Ford: it is also operating its own \$745m independent plant in

ne-added and technologically

Producing in low-cost America By 1990, Japanese companies will even though Europe as a whole is one reason why Honda's profit have added about 2.3m. cars to buys as many cars as America. margin is higher than that of its America's annual car capacity (almost twice the total output of Chrysler). This worries a lot of American car-makers. The solution is obvious: the cars will be exported. Thus, Honda is already shipping cars from its plant in Ohio back to Japan. The com-Last year Nissan built 117,000 pany plans to be exporting 70,000 cars in America. Toyota will soon cars a year from America by 1991.

Producing in low-cost America is one reason why Honda's profit margin is higher than that of its rivals. Now it has emulators

be following suit: it is building a This is almost twice the Ameriplant in Kentucky at a cost of can car industry's total exports \$1.1bn, another in Canada (cost: last year.

C\$400m) and has already invested \$500m in NUMMI, a California to follow suit. Demand in the ased joint venture with General

With the local market in mind, derided as "screwdriver plants," with the implication that they with the imputation state fricare just a way to avoid trade friction and do nothing to support is too expensive, so further is local economy, even though expansion in demand is likely to the local economy, even though GM will be distributing 200,000 of be met, increasingly, by imports. the 250,000 cars which the NUMMI facility is meant to turn

One way around the protectionists is simply to include more increasingly attractive, and locally-produced components. By direct investment is the only way 1990, Honda's American operations will be local-sourcing about 65 per cent of the value of EC's 1.36m quota (which may each car, barely any lower than well be cut this year). the big three American manufac-

turers manage. Honda is already building the and the other manufacturers

Japanese market jumped by 4.7 per cent last year, as measured by the number of units regis-With the local market in major, all the majors have set up design tered. (Truck registrations and studios in America. Transplanted, up by 10 per cent). But the major studios in America are still often car-makers in Japan are already running their plants at nearly full capacity.

Building new plants in Japan

Japanese expansion is not confined to America, though it is most advanced there. Japanese bumping up hard against the

Besides a community quota, most countries run their own. In the case of Italy and Spain, the engines that go into its America, quota is near-enough zero. In can-produced cars in America, Britain, Japanese exports are "voluntarily" limited to 10 per

Europe's markets are too protected and fragmented for Japan's carmakers either to demanding part of the operation. make or to sell there nearly as Still, the criticisms continue. many cars as America absorbs,

Investment presence is limited Honda has a joint venture with Britain's Austin Rover which turns out jointly-designed cars with both Honda and Austin Rover labels, but it has no capital stake in the venture.

The only Japanese car-maker with a significant manufacturing resence of its own in Europe is Nissan, which has a plant on Britain's Tyneside. Last December, Nissan announced that it will be increasing capacity to 200,000 vehicles a year by the

The economics of car plants is such that only a plant capable of producing about 200,000 cars a year (and costing as much as \$800m to build) is really viable. Selling that many cars in Europe is almost impossible now, but

may become easier. Asia, which still represents les than 10 per cent of the industry's exports, (though more like 60 per cent of its motorcycle exports) is even harder to deal with: Korea is already a competitor; Thailand, Malaysia and Indonesia soon may

Direct investment in all these countries is almost impossible: the car-makers are required to achieve local-content ratios of up to 90 per cent. Majority-owner-ship of manufacturing firms is generally prohibited, though Maldirect investment is the only way aysia has recently loosened some to proceed. They are already of its rules in order to attract

foreign investment.
Asia, so far, is the exception to a new rule; that the age of exports, in the car industry, is almost over and the age of global production about to begin. John Woodford

Another embryonic Toyota is manager of Nissan's product of the company's growth. From the AXV-11, with gull-wing doors planning department and one of just 2.3 per cent of sales in 1978, and rounded, two-seater interior, the Cima's designers, said the car Honda now invests 5 per cent of or about \$2bn a year. Innovations from other car-

proposed modular sports car, (Subaru), Isuzu and Daihatsu, are attracted a great deal of atten-which offers the customer a rolling out sophisticated, ultrajust 2.3 per cent of sales in 1978, mance plastic panels to be fitted for example, has introduced a Honda now invests 5 per cent of to a lightweight chasts. The car new ceramic engine which uses sales, or more than \$1bn, in its weighs just 850kg, and its accelernew materials for the intake and R&D annually. Toyota spends ation is enhanced by its feather exhaust valves, cylinder liners,

Daihatsu's futuristic TA-X80

engine and electronics at this point, with luxury styling still proving elusive. This image of luxury, often held in the eye of

#### Japan: overseas partnerships

# When exporting is less easy foreign friends can help

car-makers need foreign friends if Japan's nine car-makers face a

costs, move production outside Japan and upgrade their product lines. But because of the expected slump in demand worldwide, these goals cannot be achieved quickly enough unless foreign partners are used as much as

Mitsubishi Motors' president, Mr Toyoo Tate, puts it this way: When I ponder our situation, I recognise we have entered an era

MMC has, for example, agreed to sell the Mercedes-Benz line through its dealerships in Japan. It also has strong links with Hyundai in South Korea and Chrysler in the US. MMC and Chrysler are joint venture part-ners in MMC's Diamond Star plant, currently under construction in the US The list of similar links grows

almost daily. Some are equity participations, like Ford's stake in Mazda; others are production and design tie-ups, like Honda's deal with the Austin Rover Group of the UK. Some, as in the case of Isuzu and General Motors, represent a lifeline for a weak Japanese company; others repre-sent a swap of, say, new models for marketing strength.

Toyota, Japan's premier car-maker, is forging international maker, is forging international impossible to go [into Europe] on links more slowly than some of an individual basis."

China, Spain and Brazil as countries that have not yet been fully

in the US and Spain

vehicle in Europe

build a new facility. We have been approached by European manufacturers with

exploited by Japan. Earlier this on the international front. In year, Toyota signed an agree- addition to its UK. US and Mexi-

Nissan is planning joint ventures with Ford to build multi-purpose leisure/commercial vehicles

ment with Volkswagen to co-op- can production plants, it is planerate in producing a commercial

But, for the future, partnerships rather than new production facilities are important. The car-maker has ruled out the possibil-ity of building a production facil-ity on its own in Europe, for example. Instead, it is now talking to a variety of Europeanbased auto companies in the hope of finding a partner either to share production facilities or

seen any [so far] which could be of mutual benefit," said Mr Tsutomu Ohshima, executive vice president of Toyota, in an interview recently. "But we are still looking for a suitable partner. This is our plan. It would be

ning joint ventures with Ford to build multi-purpose leisure/com-mercial vehicles in the US and Spain. Nissan also has stakes in Iberica Motors in Spain, and tie-ups with Yurung in Taiwan and

Nissan, Toyota and Honda, ders of the Japanese industry, see overseas link-ups as a way to enhance sales and boost profitability in an increasingly tight international market. Smaller Japanese companies, however, see such tie-ups as a way to insure their companies' future. In example, links to foreign compa-

Daewoo in South Korea.

nies appear crucial. Indded, some analysts in Tokyo say that Mazda does not have the corporate strength to remain an independent player in the long term. "I wouldn't be surprised if Mazda ended up as a captive manufacturing affiliate for Ford,"

However, he did point out that of the output of its new US plant Toyota was trying hard to will go to Ford, under the Ford upgrade its image and move into brand name. It says, however, the luxury class of vehicle sales. that the relationship has mutual As a result, it is believed that a benefits. (Ford owns 20 per cent ning, says the trend of moving tie-up with one of Europe's hix- of Mazda's shares.) "In the US," production out of Japan will cer- ury car-makers would be very says Mazda's new president, Mr tainly continue. He points to attractive to Toyota if the right Normasa Furuta, "they can util-Nissan has been much quicker their marketing strength." With some determination, he adds:

"Some analysts say we cannot survive . . . but we must sur-

Mazda's tie-up with Kia Motors, of South Korea, is another key to a three-leg arrangement Mazda sumilies 60 per cent of the parts and components that Kia uses to produce Ford Festivas in South Korea, which are then exported to the US and Canada. Soon, according to Mr Furuta, Mazda will be buying components from Kia, thereby reducing its own costs. In Isuzu's case, the company is

now 41 per cent owned by General Motors. The Japanese companies recently decided to start importing passenger cars from Opel, a GM affiliate in West Germany. As a result, some analysts expect that Isuzu's participation in passenger cars may decline in sure car activities. Sales of its Aska and Piazza cars, known as Impulse in the US, for example, fell by between 15 to 20 per cent last year.

The future for Japanese carmakers, as a result, looks more with that of the rest of the

#### ANNOUNCING THE FIRST INTERNATIONAL CONFERENCE ON "TRANSPORTATION FOR THE FUTURE"

#### BACKGROUND

The quickening pare of technological change, with its growing emphasis on relecommunications, toad and six transportation and knowledge-handling expactly, it gradually increasing the network character of the world economy. Faster and more direct modes of transportation are being favoured, both individually and in combination. This imangural TFF conference will examine these several themes from a multidisciplinary viewpoint. The following issues will be discussed:

The future of information, communication and transportation systems and their

The future of goods transport, communication and transportation systems and the intelligent which.
 The future of passenger transport and communing.
 The future of goods transport, including recent advances in "just-in-time" planning and "combi-modal" transportation systems.

SOME OF THE KEY SPEAKERS (15-20 experts will speak)

SOME OF THE KEY SPEAKERS (15—20 expens will speak)
Dr. Curt Nicolin, Chairman, Scandinavian Link and ASEA/Brown Bovery.
Dr. George Eads, Vice President and Chief Economist, General Motors.
Ing. Giorgio Ganuzzo, Managing Director and Chief Executive Officer, Iveco Fat SpA.
Dr. Hatuki Fojii, Research Manager, Association of Electronic Technology for Automobile Traffic and Driving, Japan.
Mr Tage Karlsson, Project Manager, PROMETHEUS (Program for a European Tustic with Highest Efficiency and Unprecedented Safety) & Volvo AB.
Prof. Yukihide Okuno, University of Tokyo.
Paof. William Garnion, University of California at Berkeley.

GENERAL INFORMATION

The conference will be held on Therday 24th and Wednesday 25th May 1988 at the 
'Hotel Skogshöjd in Sodernije, an expanding gareway for transportation (30 minutes 
south of Sodeholm City). Sestions will commence at 9.30 each day. The registration 
fee of 3.800 Swedish crowns (about USD 630) is payable in advance and includes the 
cost of the night's accommodation, the social program, all meals and refreshments, 
and conference documents (including paper). The language of the conference will 
be English, and the full proceedings will be released by an international publisher.

TRANSPORTATION FOR THE FUTURE

REGISTRATION PORM Registrations and Enquiries should be	oc addressed to:
Business and Technology Center Södertälje Stotgatan 35 S-151 36 Södertälje, Sweden Phone: Int. + 46 755 803 00 Telex: 15345 SFC S Telefax: Int. + 46 755 675 82 whereupon a copy of the full program	Transportation for the Future c/o TEMAPLAN Floragatan 5 OR S-11431 Stockholm, Sweden Phone: In: +4687918370 Teler: 15886 TSL S Telefax: Inc. +468 104222 m will be forwarded by return mail.
Please register the following person(: on Transportation for the Future, Sö	s) for the First Inremational Conference dentalje, 24—25 May 1988:
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### Looking to the 21st century

GENERAL MOTORS, battered drafted in as part of the promo-for the past several years by crit-tional razzmatazz, which icisms of its corporate strategies, launched model ranges and falling North of vehicle American market share, sought to strike back in January with demonstrate some of the develop-"an what it claimed to be unprecedented report to the (US) nation" on model concepts and with the shorter lead t developments to take it into the mainly Japanese, rivals.

21st century.
It took the form of a three-day exhibition in New York which GM chairman, Mr Roger Smith claimed provided tangible evidence that "GM will maintain its world leadership for years to

The exhibition, backed by a there is a great deal of scepti-\$60m advertising campaign, was aimed at convincing its audience that the long list of restructurings, divestitures, joint ventures, cost-saving programmes and acquisitions – including Hughes Aircraft and the EDS electronics group - that has earmarked GM during Mr Smith's chairmanship,

are beginning to pay off.
A total of 24 concept and production cars were displayed at what president Mr Robert Stempel described as GM's largestever product unveiling. A work-ing design studio from GM's over the next five years. technical centre in Detroit was The cars include the Chevrolet

General Motors plans

an all-out effort to

develop new products

"head-up instrument display," television monitor for rear-view traffic and computer memorylaunched GM into its 80th year setting for driver controls.

Venture, described as a four-pas-senger sport saloon for the 1990s. It has an upper structure made entirely of glass and a liq-uid crystal film darkens the roof

panel in direct sunlight. It has a

The Pontiac Banshee 2-plus-2

vice-actuated radio.

The studio itself was able to The Buick Lucerne is conceived as an up-market urban car with electronic automatic transmission and silent linear-inment concepts being introduced by GM in an attempt to catch up with the shorter lead times of, duction motors for starting.

The Cadillac Voyage is more or less a rolling laboratory to evaluate advances in technology, including remote-controlled door

A peculiarly North American enon, the pick-up truck equipped to luxury car specifica-tion, was displayed as the GMC Even GM acknowledges that cism to overcome, evidenced by a nine percentage points fall in its US market share over the past

The Oldsmobile Aerotech, developed in part by the UK racing car company, March, and essentially a high-speed test bed for a new engine, the Quad 4.

And the GM Sunraycer, an exotic lightweight vehicle with not the slightest prospect of production, but the solar power panels of which took it to victory in occasion marked the first new Nor has it been helped by the stinging remarks about its management methods by Mr Ross Perot, founder of EDS, whom GM subsequently bought out for \$750m last year. Criticised also for having too many models looking the same, the 1,950-mile trans-Australia

World Solar Challenge race last

November at an average speed of

tal spending to new products over 40 miles per hour.



GM it is devoting a record amount of its \$8.5bn a year capi-

General Motors's exotic record-breaker: the Sunraycer with solar-powered panels

Plans intensify for a world-competitive car in terms of cost and quality

# eyes are on Project Saturn

coupe has some features said to the substitution of the automotive foundry equipment is now being be needable in the next seneration world are turned toward an installed in the first finished be useable in the next generation world are turned toward an of its Firebird range. It uses a experiment being conducted in through the windscreen Spring Hill, Tennessee, a tiny town about 30 miles south of

Spring Hill is home to General Motors' Saturn Corporation, which has been assigned the challenge of building a world-competitive car in cost and qual-

In the early 1980s, a General Motors' study had discovered that a small car to replace the now-extinct Chevrolet Chevette could be built in Japan for about \$2,000 less per car than it could be built in the US under existing conditions.

Project Saturn was formed as the corporation's "clean sheet of paper" effort to develop innova-tive ways to produce small cars in the United States that would

els of which took it to victory in occasion marked the first new name-plate added to the General Motors' family for more than 50 Vears

A separate company was neces-sary, GM officials said at the time, because different technology, systems and organisation developed by Project Saturn required a new structure distinct from General Motor's other auto-mobile operations. Actual pro-duction of the Saturn automobile remains some time away; the car is due to make its debut in the ummer of 1990 as the schedule

now stands.

building which will house power-train operations. Workers are being recruited from other General Motors' plants to run the plant when it opens.

Much of the way Saturn intends to achieve its goal of huilding a world-competitive automobile is by forging new relationships with manage and workers, with suppliers, with its dealers and ultimately with its customers.

"The Saturn process is based on win-win," Saturn President Richard LeFauve has said. "The union wins, GM wins. The dealer wins, GM wins. The customer wins, GM wins."

As LeFauve explains it, Saturn is built on a teamwork philosophy – "a principle of partnership with involved workers, suppliers and dealers working together to achieve consensus," eliminating the typical pyramid with the man at the top telling everyone else what to do.

Employees, both management and workers, are organised into teams by product line rather than by employee function. Workerson the casting line, for example, are on the team involved in designing the engines and transmissions that they ultimately will build.

A metal-casting team. smaller team within the powertrain team, consists of product designers, process engineers, production engineers, union workers with experience on the factory floor and a financial person. General Motors has negotiated

an innovative contract with the United Auto Workers union, the union which represents nearly all ow stands. of General Motors' hourly work-However, prototypes of camou-ers in the US, to cover Saturn ed Saturn cars are now being workers. The contract, described tested on North American roads. as historic by labour experts, is Construction of the highly-inte-separate from the national congrated manufacturing facility in tract covering the rest of General Tennessee is on schedule. Motors' employees.

Systems penetration in the US Engine management Transmission. Anti-skid breaking system Shock damping The chart shows the proportion of cars fitted, or expected to be fitted, with various suspension electronically-controlled features as of 1986, 1991 and Power 2000. The percentages are hased on car production in 4-wheel those years. steering Climate control Door locking displays On~board

40%

20%

The contract provides a base salary for workers that is about 80 per cent of the current salary of General Motors workers. The difference is expected to be made up with Saturn profit sharing and rewards for productivity and quality, a technique General Motors is counting on to add to productivity gains.

disanostics

The contract also contains fewer rules covering workers that in other General Motors' assembly plants prohibit a worker from doing more than one or two jobs. In most plants, workers fall into one of more than 100 job classifications and are only allowed to do the job in their job

At Saturn, there are no more than five job classifications. Pro-duction employees could work a variety of jobs in teams. The goal is to lessen boredom and increase the quality of work.

In return, workers gain seats on management committees that plan work schedules, assignments and employment levels as-well as the number of cars to build, how to build them and how to sell them. A union worker, for example, will sit on the board of advertising agency to handle Sat-urn's \$80m a year account, a move unprecede motor industry. dented in the US

The contract also attempts to break down the differentiations between management and labour. Like managers, workers do not punch a time clock. Man-agement and labour share cafeteias and parking lots. Workers have more say in the operation of the Saturn plant than workers at other General Motors' plants

some of General Motors' newer, high-tech plants, including the Detroit-Hamtrack plant in Detroit and the Buick City complex in Filmt, Michigan, have made the auto company re-evaluate how it implements new technology and how it trains workers to use the

new technology.
Instead of trying to start every high-tech element of a new assembly plant, including Saturn at once, high tech equipment will be phased in gradually. Also, high-tech equipment is being plants before being installed at Saturn.

Little has been revealed about what high-technology items will be installed at Saturn, but it is known that it will use the lostfoam process of casting. The technique involves a plastic-foam shape of a desired object that is surrounded by packed sand. As molten metal is poured into the foam shape, it causes the foam to

although car-makers have been ers needed to create a new kind studying it for same time. At Saturn, the foam methods will be cluded, have to be involved in the used in making aluminium all key decisions affecting them, aluminium transmission housings.

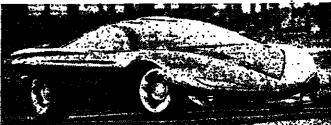
The lost-foam process has been that will undertake strategic business-planning with customer

labelled the highest risk part of Saturn, yet a key to its success for quality, cost and reliability. To build a low-priced compact

car, Saturn executives argue, as little metal as possible must be used and as little machining as possible done to keep costs down. Satorn has also established new

plants, suppliers are notified that a car-maker needs a given part and hids to do the job are solicited from the suppliers. Generally, the supplier with the lowest price is awarded the contract of a

begun working with the car com-



60%

Out of Saturn's orbit two concept cars from other Ger



working on a given system of the car then award contract covering the life of the Saturn car. The contracts are awarded based not only on price but on quality and the technology provided by the

For example, Armeo Inc., a US which has one of the largest research organisations in the steel industry and is a leader in coated steels, had worked on the Saturn project since early 1985. three years before it officially

won the contract. Saturn intends inventory on its plant floor by employing the Japanese-style just in time delivery systems beyond levels now used by most other US car-makers. About 150

The car's debut is set for the summer of 1990

major suppliers will operate within a 250-mile radius of Spring Hill, Tennesse, providing parts to the Saturn plant on a just-in-time

Saturn also is attempting to forge all-new relationships with its dealers - relationships that are often adversarial between a traditional automobile manufac-

turer and its dealer body.

The Saturn team studied vari-

foam shape, it causes the foam to vaporise, and the metal assumes the foam's shape.

Lost foam has not been used together the plan for how the previously in making engines, decided that Saturn and its deal-

business-planning with customer satisfaction as its primary focus. Six dealers will serve with six Saturn representatives on the franchise-development team, which has authority to make longe decisions on proposed changes in scale. the franchise agreement. Disputes between a dealer and Saturn will be settled through a mediation and arbitration process, which includes dealers, rether than reacting to the correct than reacting the correct

number of dealers for each geo-graphic territory. Those dealers will be allowed to have multiple locations, including sites in shop-ping centres and office com-placement of the complete of the control of the contr plexes. There will be no set formula covering all dealers. Each At Saturn, suppliers have dealer will develop a marketing begun working with the car com-

\$2m to \$3m and will increase as locations are added. Saturn is sifting through the applications and will begin to appoint dealers. first in Southern California and then in New York, early this

80%

100%

Dealers will he selected, based steel company, was recently on their commitment to customer selected as the sole supplier of satisfaction. About 75 per cent steel to Saturn. The company, are expected to be existing General Motors dealers.

By the time the Saturn car debuts in 1990, about 100 dealers in 30 major markets will have been appointed. Initial markets will be primarily on the East and West Coasts, where sales of major cities in between.

As production at the Ten plant increases, more dealers will be added. By the end of the first six months of full production at the plant, Saturn plans to have 200 dealers with 300 to 400 locations on board. Ultimately, Satum expects to have 250 to 350

Saturn also has established a permanent 5,000-member consumer panel to guide product development and marketing effort. The 5,000 includes people who fit Saturn's target-buyer pro-file or are consumers who are more likely to purchase an import rather than domestic car.

The question remains of ous kinds of alternative distribu-tion methods for its cars includ-will work. Even General Motors ous kinds of alternative distribution methods for its cars including mail-order catalogues, fast food restaurants and department stores such as Sears & Roebuck and K Mart Corporation. However, the team concluded the traditional system of using franchise automobile dealers remained the best distribution method with some changes.

A group of 16 existing General

Yet, sceptics remain inside and outside General Motors. Some doubt if Saturn will ever reach fruition. And, in fact, at times in Saturn's short history, it appeared the whole project could he dismantled.

General Motors did announce in late 1986 that Saturn would be phased in. The first phase of the plant would produce between 200,000 and 250,000 cars a year instead of the 500,000 originally planned. Only 3,000 workers would be employed rather than the 6,000 originally planned. The \$3.5bn capital spending plan would he stretched out over a longer, yet unspecified time-

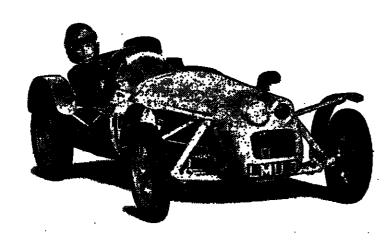
Saturn has also established new relationships with its suppliers. Its goal is to have as few suppliers as possible to simplify delivers as possible to simplify deliv expensive and slightly larger

Saturn will be a success only if 80 per cent of its sales new business to General Motors. Yet, some observers inside and outside of pany before they have been geographic region.

Saturn has received nearly helped in the design and planning stages for the vehicle.

Teams of Saturn employees dealer an initial investment of Saturn employees

General Motors claim that the more upscale Saturn car will overlap with existing General Motors' cars sold through the Chevrolet and Pontiac divisions. General Motors claim that the



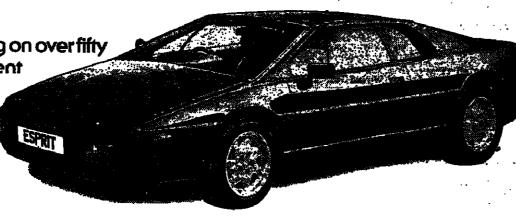
Connoisseurs know Lotus for its exclusive cars with world leading handling, performance and style - a heritage of forty years' of innovation and racina

# Forty years

The World Motor Industry knows Lotus for its advanced research and development, its creative engineering and design skills.

A solid testimony to forty years' achievement and a solid base for the cars of the future.

Currently Lotus is working on over fifty design and development contracts placed by nineteen major manufacturers from around the world.



GROUP LOTUS PLC, NORWICH, NORFOLK NR14 8EZ.

#### **CAR OF THE FUTURE 5**

What kind of engine is the car of the next century likely to have?

# The balance between power and economy

sumer demands more power for increased performance, but that concern for finite fossil fuel supply dictates improved economy, and that worries about the environment call for ever-cleaner exhaust emissions. The balance between these three major factors, plus a number of more minor ones such as the need to reduce noise, both inside and outminor ones such as the need to they can reduce noise, both inside and out confidence.

sumer has forgotten the traumas of 1974 and 1979, and in the opinion of some industry leaders, has will certainly shift attention forgotten much too quickly. away from the search for more Today's cars are more economipower and back to economy. The cal than those of 10 years ago, prudent industrial planner needs but the trend has slowed almost to allow for the possibility: Volks-

weight of battery if it is to have a practical cruising range. This is despite improvements in bat-

such as sodium and sulphur

Specialised electric vehicles using the new batteries are likely to find an increasing mar-

non-polluting transport in urban areas becomes more pressing, one likely solution is the "hybrid

THE TASK of the engine to a standstill – and the wagen's chairman, for instance, designer who must provide "the improvement which has been says that engine production lines power plant" for the car of the achieved is due only partly to could be switched from petrol to increasingly difficult by a conflict of interests.

It is not simply that the consumer demands more power for increased engine efficiency, the diesel output in a matter of rest having come from other design factors such as better aerodynamics.

Designers are still under present trends. The last sure to reduce exhaust emissions.

For the time being, however, are the time being, however, are to reduce exhaust emissions.

reduce noise, both makes and side the car, keeps shifting.

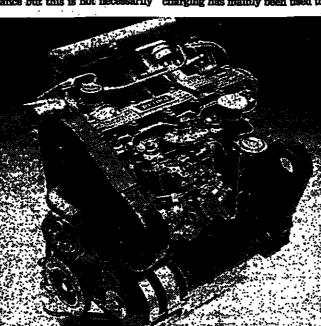
At the moment, the main confusive for more power. The confusive for more power. The confusive for more power is for more power. The confusive for more power and the car will be in 10 or 15 years' ance will be in 10 or 15 years' time. A third great energy crisis

Electric cars Potential limited MANY YEARS ago, a General car". This would be an electric Motors engineering chief car but with a smaller and lighremarked that the practical elec-tric car was 10 years away — as ficient for a few miles of driving it had been for the last 50 years. Only, but with a generator driven

Jeffrey Daniels

tinue, however the balance of requirements may shift. For the moment, they are all being used to improve power output while keeping exhaust emissions in check and fuel economy at a reasonable level. Yet all of them might play their part in improv-ing economy while keeping power at a reasonable level.
If may be obvious that elecrecalibrated to favour fuel econrecalibrated to favour fuel economy rather than power output, but the case for four-valve engines and supercharging is less apparent. In fact, the use of four valves per cylinder makes an engine fundamentally more efficient by making it easier to pump air through itself, reducing the "pumping losses" which sap some of the nower output. some of the power output,

sportsman. Supercharging, pointed out, and rightly, that the detract from the energy which means, may seem to be simed exclusively at increased performance but this is not necessarily charging has mainly been used to



Turbocharging does, however, pose other engineering problems and, as a result, there has been a renewed interest in mechanical supercharging. One of the most interesting developments is Volkswagen's "G-Lader," a light and simple yet effective device which works on the basis of squeezing air through the pas-sage between two snail-shell shaped walls (hence the name) moving relative to each other. Volkswagen believes the G-Lader has great potential to shift the current imbalance between power output and torque, or pulling power. An engineer will explain that power versus aerodynamic drag deter-mines maximum speed, while torque versus weight determines

Sadly, any attempt to increase the torque of an engine by con-ventional means also increases the peak power and results in a quite needless further improvement in the maximum speed of the car to which it is fitted: all the 16-litre family cars in current European production will exceed 100mph with ease.

The G-Lader may provide the means to boost engine torque at moderate speeds without adding more high-speed power – and

detract from the energy-saving into the fundamental working of the engine itself.

There are great potential advantages, for instance, in being able to vary the timing of valve opening which in current engines is a fixed compromise between the needs of different working situations.

It would also help if one could vary the compression ratio of an engine, increasing it whenever the opportunity permitted so as to improve the basic thermody-namic efficiency. Both of these techniques would call for still more sophisticated electronic control systems as well as mechanical ingenuity, but they are being seriously studied.

What kind of engine is the car of the next century likely to have? Although the Wankel rotary engine lingers on and experiments continue with gas

nese — are using four-valve the case.

boost the performance of already other systems may appear with turbine power units, most enginesing cars aimed at the family motorist as much as the beams fashionable it was often to fiel economy, does not neers are delving more deeply procating piston engine will con-

A typical family-car engine, two or three design generations hence, will use a variety of advanced techniques to achieve high output (and a very different torque) from a unit of small size and light weight.

It will almost certainly have four valves per cylinder, it may well have some kind of super-charging. It will definitely be equipped with an electronic control system of great sophistica-tion, checking and governing operation cylinder by cylinder. As a further challenge to the

designer, it will require virtually no maintenance beyond a change of oil and sparking plugs at infre-

**Jeffrey Daniels** 

# Diesel engines Important option

THE TWO great energy crises of 1974 and 1979 brought the diesel engine to new prominence and sales soared. Most car companies thought it worth while to add diesel models to their range and some of the new designs were a

Performance was improved, noise was reduced and fuel economy maintained at remarkable levels by petrol engine stan-dards. But more recently, the diesel has suffered something of an eclipse. Fears about the content of diesel exhaust emissions, and uncertainty about the stan-dards which might be introduced to control these, have cast a

cloud over sales.

The European consumer's increased interest in performance of the consumer for the consumer for the consumer of the consumer for the consumer of the consume mance, and reduced concern for fael economy as oil prices fell and then stabilised, has also had

Even so, the diesel remains an important option especially if there should be a further energy crisis, and specialist design teams are still looking for fundaental car diesel improvements. Of these the most important is probably direct fuel injection which promises much better overall efficiency through reduc-ing the "pumping losses" which occur with the indirect injection

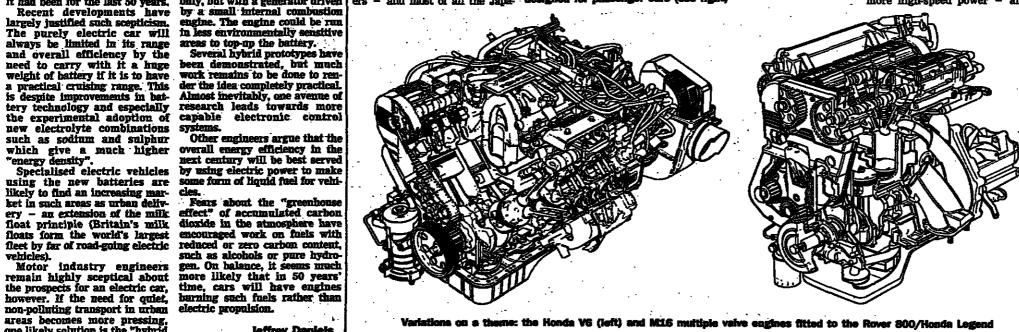
high-speed diesels.
The direct injection (DI) diesel poses severe engineering prob-lems with the threat of high peak stresses and noise levels, and the need for very high fuel

Perkins, working with Rover, has won the race to produce a DI diesel suitable for car use, though at the moment this unit. the Prima, is fitted only to the Maestro van. Work continues especially on more sophisticated engine

mounting systems to quieten the installation. The Austrian Steyr-Daimler-Puch company has also demonstrated an acceptable and ingenious DI diesel engine in cars as diverse as a Jaguar XJ6 and a Mercedes G-Wagen. Thus far, the electronic revo-lution has hardly reached the diesel but that is likely to

for injection pumps, for more flexible and precise control of injection timing. Other measures now being proposed for use in petrol engines (and especially, perhaps, variable compression ratio) may also be applied to the diesel.

change before long with the adoption of electronic controls



#### New directions for the car.

Just what direction the development of the car would take was becoming clear at the beginning of the sixties.

Because it was obvious even then that electronics held the key to making the automobile a cleaner, safer and more economical form of transportation.

However, it was only after Bosch had succeeded in developing microchips that could withstand heat, cold, dust and shocks that it became possible to put variousideas into practice.

And still, nobody can be quite sure just how many of our latest ideas will become everyday applica-

tions in the future. For example, new electronically controlled motors (EC Motors) are smaller, lighter and quieter than their predecessors. These motors are applied in the heating, ventilation and air conditioning, help cool the engine, drive power windows, fuel pumps and control systems. Bosch EC motors will contribute to increased safety and comfort in the car of the future bringing luxury car features to a wider market.

Blaupunkt, a Bosch subsidiary, has developed a system that uses a computer with a voice synthesizer. This actually tells the driver

where he is and where he's going. In fact, this Electronic Traffic Pilot system, EVA has already undergone its first large-scale test.

Another system, called Travel Pilot, acts as a navigational aid to drivers, pinpointing the route to their destination, right down to street names, on a visual display.

Bosch electronics can also help the environment. Our Lambda sensor, for instance, has made it possible to cut exhaust pollution by up to 90% using gasoline injection and a 3-way catalytic converter.

Other Bosch electronic systems are increasing engine performance and reducing fuel consumption. For example, the Jetronic and Motronic electronic injection and control systems. The latter controls fuel injection and ignition timing simultaneously. While another control system makes diesel engines cleaner.

Bosch electronics can make driving safer, too. Take the air bag which inflates within 30 milliseconds between driver and steering wheel in the event of a collision. Then there is the seat belt tensioner. This tightens the belt upon impact during a crash.

Bosch developed the electronic triggering units for both of these safety systems.

Of course, the best safety systems are those that prevent accidents. Such as the Bosch ABS (Antilock Braking System) which prevents the wheels from locking when the brakes are applied. This combined with the ASR (Traction Control) prevents wheel spin. We're also developing incar radar which applies the brakes automatically in the event of danger.

For the future, one thing is certain. The car will change most through electronics. An area in which Bosch is at the forefront.



**BOSCH** 

Engineers are studying more seriously the automatic operation of a manual gearbox

# Why CVT may not be the answer

A GOOD DEAL of excitement very small engine both Fiat and was generated in 1987 by the Ford fit their systems only to the appearance of three small cars - gentle 1.1-litre versions of their two European, the Ford Fiesta superminis. and the Fiat Uno, and one Japanese, the Subaru Justy – with fil its promi continuously variable transmistransmission

The principle of CVT is that, instead of a gearbox providing a set of discrete drive ratios, the ratio is infinitely variable between its upper and lower limits. In current systems, this is achieved by running a specially shaped drive belt between two pulleys whose effective diameters can be varied by squeezing the sheaves together or easing them

The advantage of CVT is that it should provide the ideal drive ratio for any situation, allowing the engine to be run at the most efficient combination of speed and load. It should also make driving more pleasant by eliminating the jerks of gear-changing. manual or automatic, leaving

only a smooth progress as the ratio changes by degrees.

This being so, is CVT likely to sweep the world of car transmissions before it? Many engineers still think not. While the princi-ple itself is admirable, there are snags too. In order to make a practicable CVT system, allow-ance has to be made for starting from rest - the present CVT cars use an automatic clutch - and also for providing a reverse gear,

a further complication. More fundamentally, CVTs appear to suffer inherently eater internal power losses than geared transmissions (a CVT may be less than 90 per cent efficient, a geared system 96 percent or even better) and this cancels out some, perhaps most, of the theoretical gain achieved by running the engine efficiently.

It appears also to be true, on current evidence, that the CVT

If the CVT fails entirely to fulfil its promise, then what are the transmission alternatives for the

future car designer? In the first place, we should remember how far transmissions have come in the last 20 years. In the 1960s, the three-speed manual gearbox effectively gave way to the four-speed; in the 1980s, the four speed has given way to the five-speed, and some of the most

expensive sporting cars are now

At the same time the threespeed automatic transmission is largely being supplanted by the four-speed. There are two reasons

for this proliferation of ratios.

Most fundamentally, the more gear ratios there are, the more nearly a conventional "stepped" gear transmission can approach the CVT ideal of keeping the engine working as efficiently as

Second, the higher perforcially the higher maximum speeds made possible by improved aerodynamic body shapes, has meant that the gap between a first gear low enough to give easy hill-starting, and a top gear high enough to avoid engine over-speeding, has become too wide to be bridged by only

rbox would become essential. The trouble with a six-speed know it today. gearbox is that only the most

High technology components

THE projected market shares for high technology car components, according to Volkswagen forecasts, include the following: Siegle engine control: likely to

rise from 30% to 70% in countries with strict emission legislation. Electronic dissel control: likely to

rise to 25% in larger cars. Super-charging: In West Germany, for example, 20% will use beginning to appear with six anical or turbo-charging.

> to 33% in Europe. "Active" suspe likely to win increasing market

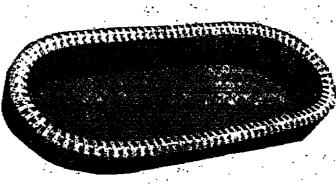
E Anti-skid breaks: could well

tance to five-speed gearboxes, whatever their advantages. Therefore, if the number of gear ratios is to be increased, some form of automatic shifting becomes increasingly likely.

In Europe, unlike America, the conventional automatic transmission has never become the norm, mance of most cars, and espeues to creep up, especially in north European markets. Now, however, engineers are studying much more seriously the idea of achieving automatic operation of an essentially conventional manual gearbox, which might poten-tially be done at much lower cost.

Today's automatics use epicyclic gear trains, fluid torque con-Volkswagen's former Head of verters and other specialised, Research, Professor Sieffert, held high-cost components. The idea the opinion that, if a car's drag of a gear-change system which coefficient were to be reduced to would imitate the movements of 0.25 (from the best current values a skilled driver first appeared of 0.29 or so), then a six-speed over 50 years ago and predates

At that time, several earnest enthusiastic drivers are likely to projects proved the idea to be a welcome the idea. Some motor non-starter — but today's engindustry market researchers say they have already detected resis-disposal, and far more sophisti-



in CVT systems

than the pioneers could have dreamed about.

There are current projects along these lines within the development departments of several major car manufacturers.

There is of course no objection to increasing the number of speeds within a conventional automatic transmission. Having already almost universally gone from three to four speeds and added a number of new features. such as "lock-up", to prevent torque converter slip losses in the higher gears, and driver selected shift patterns (the ZF transmission in the latest BMW models can be asked for "sport" or "economy" goar selection), automatic designers are now looking towards five speeds.

One of Toyota's most senior engineers has said that such a transmission, with electronic control of course, could match or exceed the performance and hydrostatic drive, it seems cer-economy achieved by a skilled tain that the beginning of the driver with a manual five-speed next century will see cars still

devoted to the clutch and gear gear shifting, and more drive box, the spread of four-wheel ratios to make the most of the drive and other systems has engine output available at all added variety and interest — and times.

cated sensors and servo controls new engineering challen Four-wheel drive is beavy and expensive and likely to remain so, yet interest in it continues to increase to the extent where European 4WD car sales in 1987 were nearly 18 per cent up on

those of 1986. rnose of 1995.

For very powerful cars, 4WD has the advantage that it reduces the risk of wheelspin and control problems — but it has a lighter, cheaper rival in the form of traction control systems" which sense when wheelspin is just starting, and cut back the engine power to stop it getting out of hand.

in essence, such systems work like anti-lock braking in reverse, and in fact they can share many of the same components, especially the wheel-mounted speed

sensors, to reduce cost.

Although small teams continue search into other forms of transmission, such as electric or hydrostatic drive, it seems cergearbox.

In a sense, the world of transvelines of types already familiar.

missions is becoming wider. But a far higher proportion are Where 20 years ago the bulk of likely to have some form of elecinterest and attention was tronically controlled automatic Jeffrey Daniels

Automotive glass

# Super-bubbles ahead

UNTIL relatively few years ago, allied to another process, encap-glass in vehicles was perceived sulation, that the full possibilities mainly as a medium to see for glass useage can be expected to a Toledo. Ohio, has develthrough and provide protection to emerge from the elements. This en

Now, however, the material is ments that will make possible much more radical approaches to future will be designed and pro-

Some of the current trends and possible future developments are mapped out by Dr Ronald Skeddle, chief executive of Lib-by-Owens-Ford, a member of the UK-owned Pilkington glass

Dr Skeddle sees them leading to the day when "cars and trucks will feature glass bubble designs in which entire passenger compartments will be surrounded by giass, bonded to strong, light-weight plastic bodies."

If and when they appear, they will have been made possible mainly by new process technolo-

Currently, the most radical of

these, is press-bending. In this, windscreens, rear screens and other major glass areas are heated and processed by hydraulic presses and specially-constructed dies: "Careful control of temperature and pressure makes it possi-ble to produce automotive parts

which incorporate decidely radi-cal shapes, and even right angles, while maintaining the required optical characteristics of the glass," says Dr Skeddle. The process represents a sub-stantial advance on the currently conventional technique of gravity bending to achieve some of the double curvature shapes currently required by car, and to a

involves allowing gravity to

shape the glass over a mould located within a furnace.

It is when press bending is

This entails surrounding the glass component with a moulded shaping up as one of the key ele- protective rim in which can be incorporated fixing points to the rest of a vehicle, windscreen the way in which cars of the wiper mounts or other features.

"The result." says Dr Skeddle. is a complete, ready-to-instal modular component which can belp improve vehicle aerodynamics, appearance and assembly-line efficiency, particularly where robotics and other highly automated systems are in use."

Pilkington itself is already using two encapsulation processes-reaction injection mould-ing (RDi) and polyvinyl chloride (PVC) moulding. The advantages

in Japan, sensors can turn on wipers when moisture is detected

of the former include its ability to accommodate complex shapes and large components. PVC moulding is less flexible in its application because, unlike RIM, it requires heat and pressure. However, it is a cheaper process, and well suited to smaller, simple shapes. Both processes have themselves been automated by Pilkington's plants in Michigan in the US and im Ontario, Can-

Vehicle safety has already been improved by the widespread adoption of laminated glass wind-screens in lieu of shatter-prone tempered glass, and the use of bonded-in elements to heat rear screens for improved vision - an innovation which in the past coulesser extent, truck producers. As pie of years has been applied by its name implies, this process some vehicle-makers to front screens as well.

The relatively slow process of de-frosting involved with conven-

oped car windscreens similar to those used in military aircraft, and which are capable of clearing 2.5mm of frost or ice in less than three minutes in a temperature

Crucially, they are heated not through a matrix of thin wires but a microthin metallic coating invisible to the naked eye which is an integral part of the

Meanwhile, Japanese car makers are already bringing into production vehicles with rain sensors which automatically turn on the wipers when moisture is

Development is under way of automotive glass which will both bounce back some of the solar energy which heats up to uncom-fortable levels the interiors of vehicles left in the sun, and block out that part of the solar spectrum which causes materials to fade. Not least, by the early 1990s jet fighter-style "head-up" instru-mention should be available, in which data is projected directly in front of the windscreen using

Apart from its safety aspects, the "hud" display has important implications for vehicle designers, in that much existing dashboard display area will become redundant and thus available for

All the above take the automotive glass of the near future a very long way from its origins, not least in terms of value-added

for its manufacturers. As Dr Skeddle points out, it provides a classic example of how research and development by a supplier itself can create new, high value-added markets for what might seem at first sight to be a simple, straightforward

John Griffiths

John Griffiths describes Fiat's use of robots

# A plant of the future

European new-car market leader-

spent on the manufacturing facilities for the car, which is being work on the production line any more, having been retrained into built at Fiat's Cassino plant.

made a major contribution to the launch of the European car nisable. And it seems difficult to control pedals. refute the claim of Fiat Auto's managing director, Mr Vittorio sibly the world's, most advanced plant in commercial production

the car - which includes the concept of "zero defects" - has tegrated not just with its intended production facilities, but with those that check the

assembling 14 component "mod-continuous weld, it actually ules", each to be pre-assembled strengthens the structure, unlike separately away from the produc-spot welds.

MR AVERAGE Motorist has

already demonstrated, to several manufacturers' cost, that he is

not prepared to accept with wide-eyed wonder every innovation dreamed up for the car. Wit-

FIAT HAS spent \$1.7bn to bring tion line (see illustration). Each into production the Tipo hatchmodule was also to be pre-tested, is not the introduction of new hack, unveiled in January, which it hopes will help it to secure the according to Mr Ghidella.

But what distinguishes Cassino into production the Tipo hatchmodule was also to be pre-tested, is not the introduction of new types of automation so much as the sheer volume of automation.

Although Flat says there have Much of the money has been no net job losses, few of the spent on the manufacturing facil-It was there, and at its sister plant maintenance, servicing the plant at Rivalta, in 1978, that Fiat automated systems and similar

"They have been taken away industry's robotics revolution from the nasty parts of assem-with the "Robogate" body weld-bly," according to Mr Ghidella — Ten years on, Robogate is also traditionally most cramped and ine and subframes.

Ten years on, Robogate is also traditionally most cramped and ine and subframes. plant that is otherwise unrecog- all, installing the dashboard and

production costs have more to do - whice with disciplined work forces and robots. · virtually a factory of the work practices than automation; future, operating in the present.

The design and engineering of workers would not tolerate such

In setting out the design for example, the first use for parameters for the car, says Mr mass production of laser welding Ghidella, it was decreed that production should be as automated as possible. It would not be a substantial of the control systems.

Just as examples: process con-trol is automated; so is subframe mbly, engines from the Termoli engine plant then being mated to it, together with suspension, steering rack, struts and wheel-hubs - all without human intervention. The robotically-assembled bodyshell is mated auto-

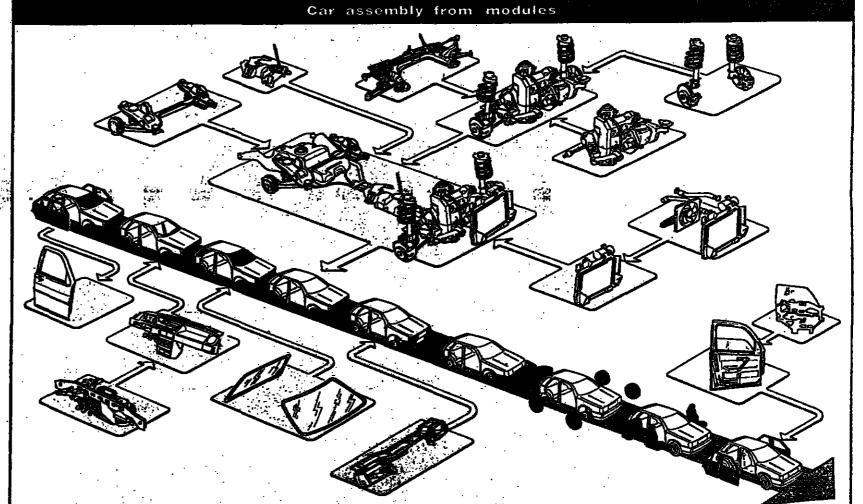
windscreens, position and bolt on wheels, install seats and even fill Flat has taken the view, shared the petrol tank as it comes off the by most other western volume production line for simulated again become Europe's, and pos-

and that, since most western checks are automated, while even workers would not tolerate such special screws with their own inworkers would not therefore a response of which built washers have been developed. Critical – then European car which in turn has been developed companies have no option but to make maximum use of automatics.

and its integration into a "start-to-finish" production system, on which Flat places most emphasis.

Other "seeing" robots install

Painting and dimensional



of sheet metal. It is used in the video control systems.

Structure making up Tipo's Flat emphasises its belief that engine compartment, and, as a continuous weld, it actually strengthens the structure, unlike spot welds.

Flat emphasises its belief that group points out: the versatility of the machinery is such that it significant changes to the materical continuous weld, it actually strengthens the structure, unlike spot welds.

That applies even if there are out an extensive research procure for the EC Commission ship emerging as a challenger to cars of the future with very little other ways, however. As the

nall prints sets out the need for

oil and plug change are 6,000

assembling 14 compo modules, each of which has been pre-assembled sep away from the production line

<u>Innovation</u>

O o o ME!

# **Drivers' cautious view of technology**

fied by General Motors' chairman to effect roadside repairs to a higher performance, from elec-Roger Smith, when launching high-tech car of the future — for tronic fuel injection, multi-valve Roger Smith, when launching GM into its aerospace and electronics company acquisitions, control modules — or whether was how they were to make the right choices among the welter of new technology that would become available before the end of the century.

Developing the technology itself, he suggested, was almost ithe least of the problems.

Anst what the motorist expects in the future — for tronic fuel injection, multi-valve engines and so on; and greater fuel economy.

They far outweigh current new the chinology dislikes, most prominent of which is the voice computer. Even then, most motorists acknowledge that it could be the forerunner for more useful devices, such as route guidance systems which may supply

of new technology, and how it and the author of its final report may still have an impact on drivers in unexpected ways, has been the subject of considerable ated within the motor industry research over the past 18 months itself about single developments, by the UK motoring organisation, most motorists still see car developments as evolutionary. There- able, and which would remove In the process of reaching a fore, he observes, "the radical

counterpart, the American Auto-But it seems that motorists do mobile Association, and similar not actually fear most new tech-

than visually.

Where the research did reveal user-wariness was about systems, most of which are not yet avail-

some control from the driver. the continuously variable transmission, introduced as an option organisations in other countries.

The incentive for a thorough odd exception, as an inevitable tem of expandable pulleys providing organisations is fairly obvious. less of their personal opinions or which allow the engine to work on Ford Fiesta and Fiat Uno modall the time in its most efficient

But the RAC found that many

steering. This facility, being developed by Group Lotus and EMW among others, involves to Mr Large, "but many

Ford and Fiat are finding sales of their 'CVT' cars currently falling well below expectations.

Real anxiety was displayed, however, about one likely importance correction actually made

He predicts some specific effects of new technology which will have an impact not just on on the entire automotive aftermarket, embracing parts, accessories and service. Not least, ending do-it-yourself maintenance by the average motorist, and tying motorists to their cars' franchised service network because only the franchise dealer

most problems occurring with franchised network and cut his connectors and other peripherals long-standing ties with his local rather than ECUs, or electronic garage.

"black boxes". The former, Mr
Large suggests, can usually be dealt with by a roadside patrol. But he is concerned about lack of braking system. The size of the

ness the speed with which drivers in the mid-1980s told Germany's ADAC and the AAA, tions such as anti-skid braking voice-computers' to shut up.

Indeed, one of the fundamental breakdown.

Indeed, There are other areas where, quite clearly, manufacturers are going to have to watch their step. The great promotions given to extended service intervals by some manufacturers for example, argues Mr Large, are seen as promises unfulfilled when the small prints sats out that need for

Longer-term, the research sees some ominous problems looming, not just for motorists but manufacturers as well.

**Drivers** have displayed anxiety about electronic systems over-riding their control.

An example is provided by the buyer of a luxury car like the Jaguar XJ6 in 1987. The first owner automatically has the car looked after, no expense spared, can service and repair the car. by the franchised network. The From the perspective of its own operations, the RAC acknowly years old in 1990, is slightly disenges new technology so far to mayed to find that, unlike Jaghave been mainly reliable, with uars of old, he, too, must use the

bill for this complex bit of electronics could actually force him to sell the car.

And that is quite apart from the disaster that would undoubt-edly ensue from a third or fourth owner's trying to wire his own stereo system into the Jaguar's multiplex circuits.

Are manufacturers of complex executive cars, therefore, risking much sharper depreciation of their vehicles – and hence lower sales – as the result of used-car buyers, mostly private motorists, being frightened to take them on? Such questions will only be answered fully with the passage

However, the evidence from the RAC's own Recovery Service bears out the expectation of motorists that although breakdowns will be fewer, when they occur they are likely to be more severe than in the past and require the vehicle to be recovered rather than repaired at the

Between 1980 and 1982 the incidence of recoveries actually declined. But from 1983 they rose sharply to from 10 recoveries per

100 members to 12.7. However, the RAC says it is countering the trend by investing heavily in training, particularly in electronics, and in the development of diagnostic aids. With these, it believes, it should be able to reverse the current upwards trend in recoveries by the early 1990s.

John Griffiths

Most of their revenue comes from preferences. subscriptions, the main purpose

The RAC's research nevertheof which is for the RAC, Automoless has identified five main bile Association and other areas where drivers do perceive motorists, without ever experienational equivalents like West benefits: safety, linked to innova-

the Royal Automobile Club.

number of conclusions, it has changes in store are likely to drawn also on input from its US come as something of a shock."

Just what the motorist expects tive of RAC Motoring Services systems which may supply from technology, and how it and the author of its final report streams of information more effectively, and safely, aurally

This applied, however, even to

speed ranges

LOOK, WHO'S DRIVING THIS THING,, YOU DR ME? Financial Times Thursday March 24 1988

Meneult:

# innovation becomes tradition.

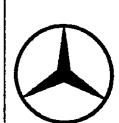
Ever since Karl Benz and Gottlieb Daimler built the world's first motorcars, the development of new ideas has been a part of our company's tradition.

In the future the ability to set progressive standards in both product development and manufacturing technology will get even more important.

We will ensure the best technical advancement in automotive engineering and the growth of our company by opening up new opportunities in future-oriented fields of activity.

Not size but innovation, high-tech-

nology and high quality are important for the successful development of our company and for strengthening our future competitiveness. So we make sure that in the future good ideas will not become a matter of chance and innovation will remain our tradition.



# Success for free-wheeling thinkers

which, despite a UK climate cial year, that turnover reached which appears systematically to £11.96m, on which it made preunder-value the education, train tax profits of £1.65m. ing and payment of automotive engineers and designers, they were faintly disappointed at a still manage to coalesce into marginal reduction in profits last small groups in British backwa- year to £1.5m on turnover ters from which they proceed increased to £13.59m. seriously to embarrass rivals

neering group, which chairman cars sales has now emerged in and managing director Herd took to London's Unlisted Securities

However, the 48-year-old Mr vides a classic case in point.

etter known in the US and Japan than in the UK, where it is remembered more for its 1970s grand prix racing activities - to in earnest from the consultancy which it has just returned — engineering businesses from than for anything else. — which, it is now clear, the

than for anything else. which, it is now the same than for anything else. which, it is now the same than for anything else. which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than for anything else. Which, it is now the same than same than for anything else. Which, it is now the same than s motor community in particular, it is famous for having humbled all comers for five successive years in the Indianopolis 500, North America's most famous sions, to steer this intended motor race. Next month, March growth:

cial welfare, for most of those thally the only ones on the grid - ing will continue the design and which at around \$175,000 per manufacture of Indy and other rolling chassis, excluding engine racing cars for customers under

Heaven knows how we do it; (which March does not make) has managing director Charles maybe it's the slap-happy provided the company, which Towns; and Dr Lachlan Shackleapproach which allows us to be currently employs around ton-Fergus is to head up March

Last month, some in the City

The drop was attributable both

verseas. to the lower dollar and the fact
The March racing car and engithat a serious competitor for Indy

to London's Unlisted Securities Market in spring of last year, pro-Market in spring of last year, pro-Herd insists, turnover from this wides a classic case in point. Notes a classic case in point.

Based at Bicester, deep in the down to about half the total.

Oxfordshire countryside, it is far March expects its grand prix and March expects its grand prix and Japanese racing activities to be increasingly profitable this year – and should also start to benefit

> Earlier this month, the company announced a formal restru-cturing, into three seperate divi-

March Racing will make and More important for its finan- run the grand prix racing cars welfare, for most of those under the managing directorship March cars have been vir. of Herd himself; March Engineer-

free-wheeling thinkers."

Mr Robin Herd was commenting on the haphazard way in the haphazard - mainly plastic composites; wind tunnel operating and manu-

facturing, and specialist vehicle projects for outside customers. March's involvement with wind tunnels says much about the nature of the company itself. Until not much more than a year

An example of how UK . automotive engineers are winning in overseas

ago. Herd's only interest was in acquiring one so that March could better undertake aerodynamic research for itself and on a

Attempts to order one elicited a two-year delivery quote from West Germany. So March designed, engineered and installed its own in around three months for around £850,000. It now has orders for half a dozen from around the world, says

They are of the moving ground type necessary to explore airflow beneath a car - an area much more familiar to grand prix car designers than those of roadgoing cars, and where substantial

efficiency for roadgoing cars have cies, cover most of March's conver to come. · yet to come. "We seem to have established that there is not one moving

ground tunnel in the US indus-

try," claims Mr Herd. No one at March seems to find it out of the ordinary that, once the power of the latest indy cars began to reach the 1,000bhp mark, the company should feel the need to design and make its own highly-complex six speed gearbox to handle the power. It completed the project within months and now builds and sells

500 a year to Jaguar and Toyota

for their racers, among many oth-

Nor does Mr Herd seem particularly excited by his disclosure to the "Financial Times" that he wants to launch March into road-going car production in its own right within the next several

The project, he acknowledges will be given a lower priority than the all-important task of developing the consultancy busi-

is fully qualified to build road-go-ing "super-cars" capable of being more than a match for cars like Ferrari's £140,000 F40 model. – "we can build a far better car using our composite technology for that kind of price and at a rate of 100 or so a year." The engine, he says, will be a detuned grand prix unit.

Commercial confidentiality

An advanced

wind tunnel

A sketch of the March wind tunnel. The computerised

system is equipped with a

to test two models and

light, need only simple supporting frames. Comtec

made the blades for the

speed is 200 kph

fan system.

moving ground plane, wide

enough to accommodate up to

half-scale cars and long enough

investigate interference effects The maximum air and ground

The tunnel duct, designed

and built by Comtec, is formed

by large composite honeycomb

panels which, being stiff and

3400mm-diameter variable-pitch

work with only the occasional. already-achieved completed contract like the development of GM's Oldsmobile Aerotech prototype car or Panther's Solo II sports car capable of being

referred to publicly. But it is clear that March's 1987 turnover will soon be dwarfed, and not just by organic growth of the consultancy business but by a strategy of acquisitions. The North American consultancy industry, expected to provide \$1bn worth of engineering and other services this year to US vehicle makers is, Mr Herd admits, an obvious target - but he does not elaborate.

His own views of trends for the car of the future, not surprising, focus heavily on the materials from which they are made. He does not suggest that volume-built cars will be produced in anything other than sheet metal. and says that "appropriate tech-nology" for any given purpose, rather than the use of a favoured material, should rule all considerations - "composites are only one way of skinning the cat," he

"We can now get composite parts down to the same produc-tion tolerances as metal, but with much greater strength. As ever, the difficulty is getting the cost down. We have the Catch 22 situation of needing to get the vol-ume in order to bring costs down, but manufacturers not being willing to commit to it because of the

"Nevertheless, I find it hard to believe that in ten years' time anyone doing Jaguar's annual volume or below will be building bodies in anything other than composites; because you need no skilled labour and toolings costs are a tiny fraction of those for

Higher production volumes would simply mean doubling up on cheap tooling, he says, to get round the difficulties of curing time. Given such an approach, "I don't know where the production ceiling might lie".

Robin Herd acknowledges that lots of people have to build racing cars 'to get it out of their system before moving on to something else". That implies something more serious but, he insists, "I don't want it ever to stop being fun."

But there is another aspect of motor racing on which he is unequivocal - "it has opened more doors for us, particularly the Indy cars in Detroit, than ever we could have believed. And there can be no better breeding ground for your young designers

Materials and components

# Plastics content set to rise substantially

BY THE year 2000, the plastics for example, costs a small fraccontent of the typical European
can may be as much as 30 per
cent of its weight. That compares
with an average of around 8 per
cent now according to activates
tions on a single model, more fretions on a single model more fretions o cent now, according to estimates by General Electric, the giant US

industrial group.

GE has a more than passing interest in the subject, for it has at least half a dozen companies engaged in supplying the motor industry with services and com-ponents, including GE Plastics, which makes high-performance engineering thermoplastics already widely used by vehicle

Not that the crowds flocking by duplicating a considerable number of moulds, and the speed of the processes has fallen weell around it at the Frankfurt motor show would have been aware of it, but BMW's ZI roadster, an open two-seater which the West German maker plans shortly to put into production, has strong links with GE Plastics:

GE says the Z1 is the first car in the world to have all its vertical body panels made of injection-moulded engineering ther-

The front wings, doors, rear quarter panels and other panels are moulded from a GE resin, Xenoy, which is also used in the production of the front and rear ascias from GE's Lomod thermonlastic elastomer.

What is virtually the entire external cladding of the car has a total weight of 120 lbs - and GE hardly appears to be over-stating the case when it says that there are "major implications for fuel economy and performance, in terms of reduced weight and aerodynamic shapig that the new

materials make possible."
GE and rivals in this sector like Europe's Du Pont are working closely with vehicle makers on both continents to develop a variety of plastic composites tailored to precise uses.

Such materials have ceased to

be confined to non-stressed areas like body panels and are now being used in, for example and truck springs. Those devel-oped by GKN for trucks, for example, have better ride characteristics than metal springs at less than half the weight.

But the use of these materials does mean changes in manufac-turing, the prize held out for the upheavals being reductions in rehicle development times "they can be reduced from the present-day cycle of four years or more to two years and less," GE

The pros and cons of compos ites, however, remain complex One very clear-cut advantage of their use is low tooling cost. The mould required for body panels,

tions on a single model, more frequently, than with steel. Not least of the disadvantages,

tion of plastic-bodied cars with quality finish, for flats surfaces its Fiero two-seater (shortly to go and thermoplastics for the side out of production), which reached 110,000 units a year at its peak. This was achieved, however,

short of that required seriously to contemplate the production of mainstream vehicles like a hatchback or medium saloon in quanti-ties of three of four hundred thousand a year or more.

The subject is being taken very seriously by the volume manufacturers, however, and as consul-tant to the EC Commission on the motor industry, Mr Karl Lud-vigsen, points out, "the level at which plastics for this use is con-siderable viable is going up all

According to the estimates of the Ludvigsen Associates consultwo parallel lines each containing tancy, it is now standing at two injection moulding presses. around 50,000-60,000 units a year, These make the hatch itself. which is slightly more, for exam-ple, than Jaguar's or Porsche's output. The figure co-incides precisely with those calculated by March Engineering, the racing cars group which is embarked upon a number of contracts involving composites technology with vehicle makers in the US

That represents a rise over the past couple of years from 30,000 units - but is still well short of

ume cars using plastic body pan-els is likely to differ considerably from that of the Fiero, suggests

Mr Ludvigsen. "We are looking at systems in which you have a strong and however, is the cycle time curlight floorpan, possibly of alum-rently required to produce com-nium, with a plastic superstrucposite body panels. General ture. The composites used would Motors was able to set a new benchmark for volume produc-which offer the prospect of a high

panels, as with the Z1". However, the Ludvigsen research discloses, "the people making tools for steel are fightsteel is still a very fine way of making cars".

What proportion of cars of the year 2000 might have entirely plastic bodies is, therefore, an open question. But one pointer in plastics' favour appears, again, to have come from Fiat, which plans to make well over 300,000 units a year of its new Tipo.
The Tipo's entire tailgate.

except for the glass, is made of BMC compound, a thermoplastic.It is made up of two shells, assembled and glued.

The entirely automated production line making it consists of which is then drilled for other parts to be mounted and finished by other robots. Yet another robot applies glue and once the two sections are joined together the tailgate is polymerised in an oven. Lastly it is washed and primed by a robot.

Thus, a fully-finished tailgate

is produced at the rate of one

ILCO A

# Increase of vehicle electronics Percentage of vehicle production costs **Electronics**

SENIOTAVE INDUSTRY WORKING FOR THE AUTOMOTIVE INCLISIO



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Over the last decade the automotive industry has consistently chosen Computervision as its CAD/CAM partner. Our association with over one hundred automotive companies has done as much for our reputation as it has for their productivity. To the majority of this industry. Computervision is the name for computer-aided gineering, design and manufacturing. Not just household names like Austin Rover,

Land Rover, Lotus Engineering, Ford, Leyland DAF, Aston Martin, and Leyland Bus work in partnership with us. A host of less generally known, but equally innovative companies, respond more quickly to market demand because of the abilities our systems give them. Firms producing components, interior and exterior trim, electrical sub-systems, fasteners, radiators, cooling systems and body in white design. In addition, makers of precision moulds and tooling for other sappliers and manufacturers are just a small selection of areas where Computervision systems are used.

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of OEM suproofs. Four years ago its parent company, CH Industrials, started a major investment programme in manpow and technology to support it in its bid to domin this highly specialised area of the automotive suppliers' market. Since then Tudor Webasto's turnover has doubled annually. Its decision to install a Computervision CAE/CAD/CAM system was a major step forward in offering major

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WORKING FOR THE AUTOMOTIN

#### **CAR OF THE FUTURE 9**

Cosworth and Ford

# Fast partnership



The Ford Sterra Cosworth: more conservatively styled than its prototype

THIS IS a watershed year for Cosworth, the UK Midlands-based year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year, new Escort due in 1990/31, thus allowing impurities to sink year,

Sierra Sapphire Cosworth. The first Cosworth-powered

That car, however, was con- a profit centre, but so, indirectly, of plus or minus 20-thousandths ceived as a "homologation spe- it has proved: nearly 1/2 m extra of an inch in any plane direct cial." of which 5,000 had to be sales are estimated to have been from the mould.

Ford launched it in February, and it will be built in whatever

volumes are necessary to meet

The process, now formally operated by Cosworth Castings, is patented and talks are said to SVE appears to have no direct equivalent in other manufactur-Sterra, in hatchback form, caused ers — it is not a competitions a sensation two years ago when department, but it is charged it was revealed as a 150mph, with developing "image" cars five-seater challenger to Porsches like the XR Escort and Fiesta and Ferraris.

Indicative of the process is that it provides a maximum tolerance

cial," of which 5,000 had to be built to allow its use in racing and rallying (long-recognised by Ford as a valuable promotional tool).

Despite its outrageous appearance — its huge rear aerofoli coming to be nickmamed the "piconic table" — public response was so positive that a much more conservatively-styled version, based on the Sapphire three-box also on, was decided upon.

Ford launched it in February,

sales are estimated to have been from the mould,

Cosworth has also been moving increasingly into the field of electronics. The electronics and a growing number of Europout engine even faster growth for Cosworth has also been move ing increasingly into the field of electronics. The electronics. The electronics and a growing number of Europout engine even faster growth for Cosworth has also been move ing increasingly into the field of electronics. The electronics and a growing number of Europout engine even faster growth electronics. The electronics and a growing into the field of electronics. The electronics and a growing i

Much of that growth has come the race track. For in another portent of how attion set up in Worcester by sevantiomotive technology is expec-

volumes are necessary to meet ation set up in Worcester by several years ago, employing a Costed to develop over the coming worth-developed process capable decades, it was designed to have decades,

which Cosworth will develop the moulds themselves, high-performance engines for at The process itself draws from

IN JANUARY, General Motors unveiled the Buick Reatta, a near \$30,000 sporting two-seater with more than a dash of luxury. The troubled US giant hopes the car, which it describes as intended to create "virtually a new niche in the marketplace,' will help burnish GM's somewhat tarnished product image.

Styled at GM Advanced Design in Warren, Michigan, its proto-type development and other detailed engineering and manu-facturing engineering were in fact carried out in England. The Reatta is just one of a

plethora of projects undertaken for GM by Hawtal Whiting, begun by a group of ex-Ford engineers in 1970 at Pitsea, Essex, not far from Ford's own headquarters and Dunton research centre.

Since then, like Worthingbased rival International Automotive Design, it has grown to
the point where it has several subsidiaries and employs nearly 1,000 in the UK, at Pitsea, Basil-

don, Learnington Spa and Swin-don, while there are also subsidiaries in the US and Canada The name Hawtal Whiting means nothing other than that it comprises the front half of chairman John Whitecross's surname and other portions from those of the three colleagues with whom he started the business.

Although not involved in power train technology, HW has broadened its early design operations to cover design engineering, project management, structural analysis and die model manufacture. It has had contracts of up to three years' dura-tion, taking a vehicle concept lar has weakened. through from basic clay model to the threshold of volume produc-leagues have worked hard to

into a £30m a year turnover con- Matra of France and Rolls-Royce cern - although one not without now being listed among its cli-

250%

150%

100%

50%

John Griffithe

Golf SSkW

GTI 82 KW

EC emission

standard standard

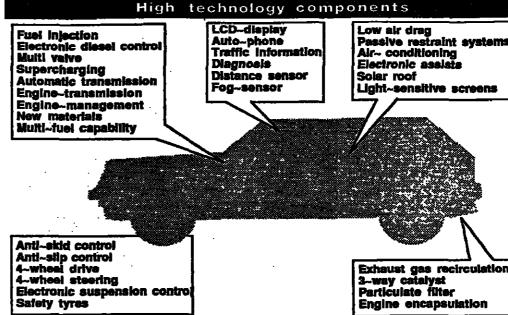
Price of high tech components

GTI 16V 95 kW

standard

**GM** and Hawtal Whiting

#### A half-British Buick



ance for business on General Motors – over 90 per cent until relatively recently – has meant

broaden the client base, with The activities have turned it some success - Ford, Jaguar,

And late last year, it looked as if HW would become part of a

more prominent consultancy grouping through a planned merger with First Security Group, a design and technical services provider to a wide range Such has been the growth of

well as to security and fire protection industries.

FSG's rationale for what, in effect, would have been a takeover of HW, was closely linked to its view of how vehicle producers would approach their own business in future. The trend to source more and more of the design and development from outside consultancies would, FSG felt, leave the enlarged group well positioned to take advantage of the greater opportunities.

ever, that it has become a spenceded for module-based production mean making production plant redundant, "and manufacturers won't throw stuff away."

This is one of the main reasons why GM's Saturn compact car project, aimed at beating the Japanese at their own game in terms of consultancy services.

"We'll be comparable to a local' Hawtal Whiting," its leading the Japanese at their own game in terms of consultancy services.

"We'll be comparable to a local' Hawtal Whiting," its leading the Japanese at their own game in terms of compact car project, aimed at beating the Japanese at their own game in terms of compact car project, aimed at beating the Japanese at their own game in terms of compact car project, aimed at beating the Japanese at their own game in terms of consultancy services.

"We'll be comparable to a local' Hawtal Whiting," its leading the project, aimed at beating the Japanese at their own game in terms of compact car project, aimed at beating the Japanese at their own game in terms of consultancy services.

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cies and component suppliers. At the very last moment, PSG pulled out for reasons which it never fully made clear, although the move followed soon after the publication of half-year results by HW which showed that the weak new Buick Reatta costs

services provider to a wide range of motor industry customers as HW's reputation in the US, however, that it has become a spetaction industries, ever, that it has become a spetaction industries, ever, that it has become a spetaction industries, ever, that it has become a spetaction industries.

HW has invested heavily in puts it, current conventional electronic and other equipment to provide a creative approach to assembly lines, where interior the business.

Several million pounds has installed at the final stages "are a

photographic systems.
Tennant Panels, a self-con-

tained subsidiary, supplies the group with metal-working skills for prototype production. HW Structures undertakes structural analysis using finite element techniques and HW Die Alds specialises in any supplies the structural analysis using finite element techniques and HW Die Alds specialises in any supplies the structure of t cialises in soft tooling, project planning, clay modelling, plastic moulding and other activities.

As with any consultancy wishing to stay in the business long-term, it undertakes research

in its own right.

For example, the Structures subsidiary currently is focusing heavily on research into vehicle impacts. Its computer modelling on the subject is going well beyond predictions of the behav-iour of the vehicle itself in a crash to embrace modelling of human occupants and their

response to impact.
Such analysis can be used to minimise crash testing by manufacturers in order to meet legisla-tive standards, as these stanmathematical combination of acceleration level and time measured on an occupant's head. Normally measured physically through the use of crash rigs and dummies, the measurements can be obtained equally well by math-ematical simulation.

It is not just the motor indus-try which is interested in this aspect of HW's activities:

■ With legislation also looming for post-crash survivability within aircraft, HW has acquired Civil Aviation Authority approval for the analysis of aero-space structures. The advantages makers find crash-testing vehi-cles expensive enough. But airlin-

number of UK companies on researching improved build proemphasis on modular assembly. The advantages of modular dollar was continuing to have an assembly, HW executives point out, have long been known to vehicle makers. The trouble is,

gone into its computer design bit like trying to put your undersystems and more into highly-so-phisticated measurement and your overcoat."

John Griffiths

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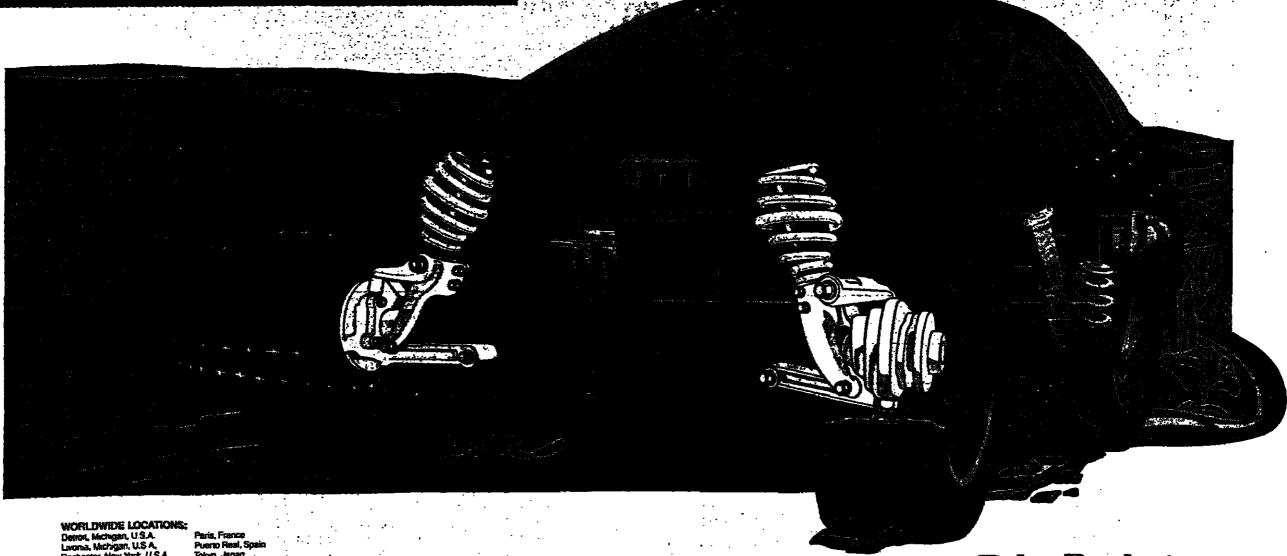
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know him well to possess a sense Usually, however, it remains buried under a complex mass of business concerns to which Mr Shute gives total and utter prior-

The relentlessness with which the former Vauxhall/Bedford engineering-draftsman has pursued the development of International Automotive Design (IAD) from a four-man band 12 years ago into one of the world's biggest design engineering consultancies has won the respect, if not affection, of most with whom Shute has come into contact.

It has been a development pursued with near-puritanical zeal in its literal sense.

IAD's accounts show modest emoluments indeed for the chairman and chief executive who drives the business - and an endless ploughing-back into further growth all that the business

Investment in computer-aided design systems alone has reached £5m. And IAD's neighbours on its home industrial estate in Worthing have watched over the years with bemusement as it has spread from its one initial small building, to three, then five, then half a dozen to the point where it

Turnover, at £38m last year, is nearly 300 times IAD's first-year level of £140,000. The company now provides jobs for over 900. No one doubts that the 1,000

Unquestionably, Shute and his wife, who control the company between them, could follow the example of March Group and float a part of the company on the Unlisted Securities Market with a high measure of success. They have thought about - and

rejected - such a move. John Shute can see no attraction in working less hard or. more crucially, having to answer

AS ANY driver stuck in a traffic jam with a leaking radiator will

tell you, a car's cooling system can be awkward, to say the least.

development engineers, the radia-tor is one of the least loved

objects, too. It spoils the neat, box-like package that an engine

could be; it requires air to pass through it, spoiling the aero-dy-namics of the car; and its cooling

John Griffiths profiles International Automotive Design

# Awards bloom in hot-house

company which, basically, is his Like AVL of Austria, IAD rejects all suggestions that its rapid growth might have been based mainly on being simply an extra arm for a vehicle maker's design department - what used to be known in the trade as "rent-a-pencil" until CAD screens

Mr Shute can point to plenty of evidence to justify the claim. For example, at the Frankfurt

motor show last year, IAD unveiled two concept cars of a sophistication which raised many motor industry eyebrows. Unlike many concept cars one, the Impact, was complete mechanically and fully drivable. The other, the Interstate, was non-mo-

Impact, broadly definable as a leisure/utility vehicle and utilis-ing four-wheel-drive, incorporates many of the features which IAD believes should be on production lines now, rather than too far into the future.

Ford Sierra floorpan and drivetrain is no adverse reflection on IAD, for unlike Ricardo or AVL

American vehicle producer. It is sufficiently flexible for any one of a number of makers simply to mate the concept to their individual mechanical parts, according to IAD. Its specification includes under-floor luggage space

cooling systems.
"Some of the wild euphoria has

ernment-sponsored Consortium

tary which was anxious to elimi- benefit has to be obtained," he form at high speeds.

fan drains power away.

So any means of dispensing realism," comments Dr Alec Parwith the need for radiators is ker, managing director of T & N

eagerly pursued. Furthermore, Technology. (He was managing any material which appeared to director of AE Developments, the

enhance the performance of the research arm of the AE Group engine would quickly find its which was bought by T & N in an way out of the research labs and acrimonlous takeover). Mr Par-

on to production engines - or so ker is also chairman of the Gov-

In the mid-to-late 1970s, a on Ceramic Applications in Reci-

group of materials seemed to procating Engines, (CARE).
offer the answer. Ceramics had He rules out as "fantasy" the

hard-wearing and insulating early optimism on possible devel-

properties which seemed capable opment of a ceramic engine in of working at the high tempera-volume production. He recog-

tures at the surface of the com-bustion chamber – about 800 pany, Isuzu, has a ceramic engine degrees centigrade. installed in a test vehicle, but he



Unlike many concept cars, the impact was complete mechanically and fully drivable

The fact that impact uses a for an off-road vehicle and a new ord Sierra floorpan and drive-type of high-power lighting sysain is no adverse reflection on tem of polyellipsoid shape.

AD, for unlike Ricardo or AVL

Neither vehicle, however, is as on their client list.

Neither vehicle, however, is as on their client list.

plant and transmission carried within a rear-mounted 'pod' visu-us. Almost exactly three years ally almost completely separate ago, it set up a joint venture with from the tear-shaped passenger

With approaching 600 design engineers on its payroll, many of Design to exploit US potential whom at any one time are actumore effectively.

IAD's work in the UK has been with keeping shareholders happy has no major grumbles about in the short-term than investing "short-termism" in the City. doors, radical, low-drag styling ally working overseas, it should

> thermal efficiency of the engine, but they also reduce the volumet-

ric efficiency.

Mr McClelland further points

out that ceramics had most to

offer the diesel engine which is already fairly efficient. Using ceramics on petrol engines would raise temperatures to the point

where the air-fuel mix would

ignite too readily.
Instead, Mr Parker identifies

four areas where ceramics will make headway in coming year:

First, ceramic parts will often be lighter than their steel counterparts. So ceramic valves, for example, will have less inertia

tary which was anxious to eliminate the "Achilles heel" in any says.

Second, ceramics wear less charger, hot gases contained assessed. The materials are not charger, hot gases contained the energy, hot gases contained the energy, hot gases contained assessed. The materials are not charger, hot gases contained asset and charger are not charger, hot gases are not charger.

list is foreign. It includes Saab, Opel, BMW, Audi, DAF, Mazda, Nissan, Isuzu and Subaru.

IAD's biggest customer is Ford uson of bitterness in Mr Shute's views England Governor, Mr Robin about the progress or otherwise Leigh-Pemberton, wound up presumed uson it set up a joint venture with a US counterpart — a subsidiary of CDI Corporation of Philadelphia — to form IAD Modern phia — to form IAD Modern to exploit US notential were usually concerned more pany to the sense at least IAD.

■ Third, ceramic rotors are already used in some Japanese

turbo-chargers and this applica-

tion will become more wide-spread. The rotors are light and

boost power in the engine more quickly, reducing "turbo lage."

Failure of a ceramic rotor is less

catastrophic than with steel, too, as ceramics tend to crumble

while steel flies into splinters and needs to be well contained to pre-

vent damage to the car or occu-pants. Producing these rotors is

also giving companies valuable

production experience.

Fourth, insulation properties

from the engine to the turbo-

exhaust port liners to keep pounds," adds Mr Parker.

But several difficulties remain

Bonding the ceramic to metal is

awkward: the ceramic cracks easily. When the metal expands fas-

ter under heat, the ceramic may fail. Mr Parker suggests that one solution is to cast metal parts

around the ceramic material

For example, silicone nitride could be cast into an aluminium rocker-arm where the rocker

comes into contact with the valve gear, an area of high wear. The

ceramic would be compressed by

the contraction of the aluminium

when it cools which would be

strong under compression. Alter-natively, the entire rocker could

dvantageous as ceramics are

when possible.

adquately in the continuous design and development needed for the industry's long term health – and implemented with such devastating success by the

Japanese.
It was a general failing of UK motor industry management for which many foreign producers were to become grateful. British car designers to this day have a particularly high reputation and the hundreds who fell redundant as the UK industry declined became involved in a large-scale

"Body designers were ten a penny in the UK, but in short supply abroad, recalls Mr Shute. Now there are literally hundreds of British car designers working for all foreign car companies throughout the world - not a few of them at the very top, for example Mr Wayne Cherry, head of design at Adam Opel, General Motors' West German cars subsidiary. Before starting IAD, Mr Shute's

own career covered working for, among others, Chrysler, Ford and Porsche, sometimes on a freel-ance basis.

The professional status of design engineers in the UK, he suggests, is still too low compared to that of their counter parts in just about every other vehicle-producing country. le-producing country Not, however, within IAD. Its

its concerns are primarily with realized as the first concept 'car' really to thrust IAD into the limetade balance of payments, but it the detailed nature of the development of Impact that IAD has been seeking, although so far without success, to sell the package to a North American vehicle moduler. It was one of the much interest and no chance four runners up for the 1987 Busined at Geneva two years ago, to Achievement. It was one of the much interest and no chance four runners up for the 1987 Business two seater sports car for the list is foreign. It includes Saah, although so far without success, 1990s" was an extraordinary-appoint of the package to a North American vehicle moduler. It was one of the much interest and no chance four runners up for the 1987 Business simply a way of grabbing by the Confederation of British some publicity for Rolls-Royce) Industry, Barclays Bank and has worked for Jaguar and Henley Management College (it being a reflection of British value). Indeed, there is an undertone use, perhaps, that Bank of polity is polity and Subarru.

Indeed, there is an undertone use, perhaps, that Bank of polity is polity and Subarru. It was one of the much interest and no chance four runners up for the 1987 Business simply a way of grabbing by the Confederation of British some publicity for Rolls-Royce) Industry. Barclays Bank and has worked for Jaguar and Henley Management College (it being a reflection of British value). Indeed, there is an undertone use, perhaps, that Bank of polity is polity. The production of British some publicity for Rolls-Royce) industry. Barclays Bank and has worked for Jaguar and Henley Management College (it being a reflection of British some control of British some publicity for Rolls-Royce). Industry and the production of British some publicity for Rolls-Royce) industry. Barclays Bank and has worked for Jaguar and Henley Management College (it being a reflection of British some publicity for Rolls-Royce). Industry and the production of British some publicity for Rolls-

rate of about 77 per cent. This scrap rate has now fallen to about 30 per cent and unit costs

will fall as volumes rise.

Costs can also be offset by producing a part which is more efficient than its metal equivalent or which removes a more erious design problem. But ceramics and metal parts

can be used successfully together, as shown by the spark plug. However, there is much more research needed. The CARE programme has 13 projects with 28 UK companies participating.

About 25m has been provided for measure to far with institute the companies of the provided for measure to far with institute the companies of the project the companies of the project that it is not the companies of the project that it is not the companies of the project that it is not the companies of the project that it is not the companies of the co

for research so far, with just under half coming from the Department of Trade and Industry and the rest from industry. There is provision to spend another 11m if more projects are

So far, Japanese industry has a distinct lead in the field, thanks to much larger research programmes. Mr Parker savs this partly because Japanese financial institutions are more willing to fund long-term research.

By using ceramics, engineers believes that ceramic materials and friction and will need lighter power and to reduce radiator be made of a ceramic – but hoped to do away with most of will be limited to smaller, albeit valve springs. That, in turn, size. Porsche uses ceramic there are no magic jointing comsimply more adventurous about putting new technology into pro-Cost, too, has to be carefully duction — "there has to be some assessed. The materials are not concern in Europe about the Jap-necessarily expensive, but the anese lead in this sector," he quality-control is often costly: says. The turbo-charger production in

Tuck Engineering of Carmel

#### Planning Research and Systems

# Encyclopaedia meccanica

numbers collected from all parts structures. of the world's motor industry get But, as Simon Cannon points crunched very finely indeed

Systems - it has others in Tokyo ing and the US - which began consultancy life in a modest way in use emerged in the form of

and engine manufacturers.

That this has been possible is burden for petrol-powered cars; due largely to the recognition the turbocharging of 50 per cent some 10 years ago of what of all car diesel production by appeared to be a lack of readily 1991; the turbocharger giving available detailed data about way to multi-valve engine cylinwhat precisely was being manufactured by whom, where, in of increasing petrol engine per what volumes and how the type of product was changing over time.

what chief executive John Martin, publishing director Simon

on the European industry, PRS in the past four years in particular has spent more than pounds 1.5m expanding the databases to cover the Japanese and North American production and markets, and to break down major components into ever finer detail. By, for example, establishing over several years precisely what engines have been produced, by what manufacturers, in what size, whether they were carburetted, fuel-injected, and if so of what type and supplied by whom -whether they were turbocharged, supercharged or naturally aspi-

mercial applications, for example helping component makers to-identify both opportunities for

SITED, slightly incongruously, themselves and weak spots just off London's bustling Picca- among rivals, and vehicle makers dilly is a set of offices where identify geographic production

The offices are the principal also the foundations for technolhome of Planning Research and ogy tracking and trend forecast

"Automotive Powertrain in West-Some 18 years later its activi- ern Europe," analysing power ties have broadened well beyond train component consumption in its early pre-occupations with the region's car industry and diesel engines to embrace data- projecting trends into the 1990s. base development, specialist pub-lishing, and product, marketing demand for diesel cars, despite and acquisitions strategy consult-recent fast growth, as it has ing assignments for at least 70 of become clear that meeting strict the world's better-known vehicle new exhaust pollutants standards nd engine manufacturers.

That this has been possible is burden for petrol-powered cars;

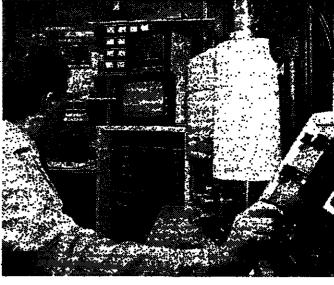
venicle makers themselves inevitably maintain large be confined to very high perforaments of data in-house about their own activities and turbocharging.
Use of carburetters, applied to

78 per cent of car engines in 1982, Cannon and their colleagues had to have declined to 20 per cent of in mind was something different by 1991, replaced by multi-point — a computerised "encyclopaedia meccanica." Having concentrated initially system widely adopted in North America.

Further rapid growth in electronic engine management systems. According to PRS, some form of engine management was fitted to 3.3m European engines in 1986. This increased by 30 per cent last year, to achieve market penetration of 36 per cent. By 1991, PRS predicts, penetration will have reached 70 per cent.

This year, too, the consultancy has followed up its annual World Diesel Engine Digest, the indus-try's standard reference work, with a much broader-based +World Automotive Digest+, in which it has sought to povide a rated, or even whether half-way which it has sought to povide a through an engine's life there yearbook on the world industry was a change of carburetter supplier – all such factors have whicle production, registrations been introduced into the datasis of vehicle makers and their There are straightforward com- inter-relations, as well as technology trends and developments.

John Griffiths



#### **Profile: Ricardo Consulting Engineers**

Ceramics

Going cool on radiators

because ceramics may raise the steel in such a situation.

advantages of using ceramics in Parker estimates that ceramics port. major engine components. This is could last three times as long as Bu

# A long view of transmission

sel engine. Not without reason: its founder, Sir Harry Ricardo's best-known contribution to the car was the inlet/pre-combustion Ricardo sees substantial co mixing chamber design which cial opportunities over the comeventually opened the way to the small, high speed diesels which research itself is conducted on have been commanding a grow- what Ricardo likes to describe as ing share of the West European- a split basis — "90 per cent

IN THE minds of many in the

motor industry, Ricardo Consulting Engineers, based on the south coast of England, is synon-

ymous historically with the die-

less than half of the engineering encourage unexpected break-consultancy work Ricardo under-takes for more than 100 vehicle No better illustration of producers and other manufactur- Ricardo's broadened approach

ers around the world.

Petrol and other engines now account for more of Ricardo's turnover, while like its close US of a new transmission concept counterpart in Austria, AVL, it developed on its own behalf.
devotes fully 15 per cent of revenues to its own in-house research transmissions is an entirely logi-activities, for some of which cal extension of its engines busi-

the cooling system. The research important, components in the means better engine performance exhaust port liners to keep was spurred on by the US mili-ordinary engine - "a distinct because the valves have to per-exhaust gases hot as they pass

new car market. organisation, 10 per cent anar-But diesels now account for chy" - the latter to allow for and

1990s the transmission, engine the system is light weight and and other driveline components simplicity, although the transmission can be made suitable for gle, integrated unit.

Clearly, from this should small cars to trucks or buses.

derive further consultancy opportunities, while Ricardo is also edges, the concept follows of tunities, while Ricardo is also edges, the concept follows on looking at ways of shortening the from various patents arising from design-to-production cycle.

the Maxwell bus transmission exign-to-production cycle. the Maxwell bus The research is not confined to introduced in 1981. Ricardo's many CAD screens, but

matic Layshaft Transmission sion systems (ALT) and the Ricardo Advanced The first application being Powertrain Management System developed by Ricardo is for a (ALT) and the Ricardo Advanced

(APMS). ALT is based on the use of layshaft-type gearing with pow-be built at low cost and being er-shifting undertaken by multi-fitted to a 1.1 litre car for devel-

a wide range of vehicle sizes from

As Ricardo readily acknowl-

Several hundred Maxwell units is already in the form of proto-type hardware.

It takes the form of two basic

are already in use, for which fuel type hardware.

consumption savings of 18 per cent compared with conventional concepts, described as the Auto- hydraulic automatic transmis-

The five-speed unit designed to

alternative to the stepless, con- seen as tinuously variable transmission market.

need for a plate clutch and hous-mental differential equations ing.
The APMS is the intended

to engine in a way which will tion processes as the pressures allow the engine to operate as mount inexorably, for ever envi-frequently as possible at opti-ronmentally cleaner engines to mum speeds for efficiency.

As a means of enhancing its higher, yet more economical pertransmission capabilities, formance. Ricardo last summer acquired

neering experience in precisely the fields Ricardo is seeking to develop further, in addition to which the acquisition for the first time gives Ricardo a solid physiopment, is claimed to be a viable cal presence in the US, which is seen as an increasingly valuable (CVT) already introduced on The broadening also includes small cars by Ford, Fiat and the recent formation of a new Subaru of Japan, when it is allied group to develop and apply computed to electronic power train manage putational fluid dynamics to engines. It is as complex as it

Comparable in size and weight sounds, involving the application to a modern manual gearbox, its of software-based numerical use of a wet clutch eliminates the methods to solving the fundawhich govern fluid motions.

Within it is contained, for the means of achieving this, through future, the means fully to under-the matching of the transmission stand the nature of the combus-

John Griffiths

# Indiana, to form a new subsidiary, Ricardo-Tuck. Tuck has long-standing consultancy engi-

#### Research intensifies in automotive electronics

New materials and products are being combined to provide tougher, smaller electrical interconnection systems for the car of the future.

With warranty periods for systems now in excess of three vears - and with 10 years being seriously proposed equipment is expected to

reliably perform when exposed to high and low temperatures, water, salt, fuels and many other contaminants as well as electromagnetic interference. In the quest for more advanced systems, a researcher (above) at Raychem uses a scanning electronic microscope to examine materials in three dimensions. For over 30 years.

products for the motor industry. The materials science company employs 10,000 people in 50 countries and has its corporate headquarters at Menio Park, California. Its European research centre is located in the UK at Swindon.

the group has researched and

developed a wide range of

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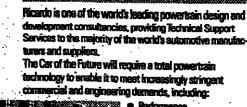
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ments. For further information on any aspect of Ricardo's activities contact Brian Flandell, Business Development.

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GRAZ, on the southern tip of Austria and a stone's throw from the Eastern bloc, is not an immediately obvious place to house a cradle of technology for the car

and truck industries of the West Yet the location of AVL patently has proved no obstacle

founded by Professor Hans List

Still in family hands, AVL is

an independent research and development centre, mainly for

internal combustion engines,

which currently employs 968 at the Graz site itself and a further

150 in offices at key motor indus-

other ways professionally quali-

Nearly half are engineers or in

That puts AVL among the largest automotive engineering con-sultancies in the world, although

not in the same league as some North American operations.

This, however, does not con-cern Helmut List, Dipling, son

of the founder and the company's

operations depend beavily for

heir turnover on relatively

president, Such North America

uncomplicated engineering or design contracts from vehicle

producers, who often see such companies as load levellers' for

their own engineering depart-

Herr List and his colleagues

make clear, in a restrained man-

ner, that they in no way regard

AVL as a "rent-a-screen" opera-tion - an assertion seemingly

borne out by AVL's regular com-

mitment of 15 per cent of turn-

over to its own raw research,

unlinked to any specific client

duced a situation in which hardly

a vehicle manufacturer in the world has not had an engine con-ceived or further developed by

The commercial confidentiality

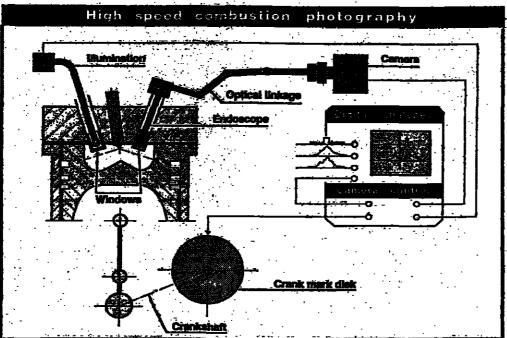
try centres around the world.

ied, working and commun using computer systems utilising more than 300 VDU screens

#### **CAR OF THE FUTURE 11**

Profile: AVL, one of the world's largest independent automative consultancies

# An unlikely cradle of engine technology



just one example which AVL can quote, the world's first high-speed direct injection diesel engine fitted to Ford's Transit

AVL is quite content to take a what it wants to achieve with a certain vehicle or range of vehicles - and develop an engine from scratch for it right through to manufacturing working proto-

"What is really important is the company. When locomotive, that a car or truck maker should marine and industrial engines - set out, in advance and great some of up to 8,000kw - are detail, what it is seeking, says included the total runs to over Herr List. "Some do not. More suprisingly, even when a manurules which govern all consultancy work preclude a list. But automatically go out and seek ics.

alternative opinions on how an

"It is something I do not understand. Now, today, it can cost 2%bn to bring a new volume engine into production. Some manufacturers are prepared to spend that but not to research the engine itself properly in the first place — a procedure which requires, comparitively, less than

Expansion has been such that there are now 45 separate test beds for engine development, backed by laistratories specialising in a number of supportive applications. These include fuel facturer thinks he knows what injection systems, stress and

Analytical tools include 20,000 Analytical tools incline 20,000 tout engines. While the cold 20 or more dynamometer for measuring what's happening inside combustion chambers thanks to an addition to laser-based vibration just the engine, festioned with endoscope system using transpar-ent-faced engine valves. The system is AVL's own — one of many spin-offs from its instrumentation activities which now account for nearly half its turnover and which extend into the worlds of medicine and ballistics as well.

role reversal, AVL also makes and sells its own engines to other manufacturers for research pur-poses - as well as engine test ether diagnostic systems. It has also collaborated with Coman,

chambers, using an endoscope and transparent-faced engine valves. This equipment also has new applications in the very different worlds of medicine and ballistics. tion engines. Within 60 seconds an actual driver on a rolling road analysis to detect faults in bear-

Robot head measures

engine noise levels

This highly-sensitive artificial head is used

in the car of the future.

by AVL of Graz in Austria to measure noise

Many complex factors influence the way that human ears detect variable noise levels.

HIGH SPEED PHOTOGRAPHY: (left), this

analytical system is used by AVL to produce

20,000 picture frames-per-second to reveal

what is happening inside an engine's combi

but this system is able to record with computers

troublesome noises so that they can be analysed

levels of engines and vehicles, thus preparing the way for quieter, more comfortable journeys

And, at £750,000 a time, there is

Isac is a phenomenon - a disem-bodied driver of almost infinitely slowcoach and grand prix pilote, driving, along an infinitely very weight, shape and size of the analyst can key in large num-which can be varied by the touch bers of variables. of a few buttons without Isac

even bothering to stop.

The acronym is for Instrumenalso collaborated with Coman, The initial design aim was to Fiat's robotics subsidiary, to reproduce the emissions testing develop cold testing of produc- cycle normally run by a car with

sensors and connected to a crank-

The dynamometer, under computer control, can input resistences to the engine to simulate. for example, the vehicle travelling uphill (or even simulate downhill travel by reversing the ing drag factor, vehicle weight, temperature changes, differing

Meanwhile, of course, the engine's emissions are being

sight it appears to fall promptly into the category of being so obviously superior to a conventional, axial fan as to make one wonder why it has not been a standard fitment on all cars for Roughly similar in shape and ameter to the cutting cylinder

of a non-rotary lawn mower, it is mounted low down across the front of the car.The radiator can be laid flat beneath it, with the cooling air ejected downwards. Thermally more efficient than the conventional type, and possi-bly quieter, its main advantage is seen, however, as allowing car designers substantially to lower bonnet lines in their pursuit of greater aerodynamic efficiency.

AVL is also looking, on its own behalf, at encapsulation of diesel engines as a means of reducing subjective noise, and has at least one running prototype. Even the measure of noise itself is by no means as simple as it might appear. The old system of installing a a microphone in a car's interior to measure decibel levels is no longer good enough but requires subjective input, insist AVL engineers - thus the development of an acoustically correct artificial head to register it.

These, however, are just a few of the research projects going on at Graz and largely funded by Developed originally as an in-house research tool, isac has now been cloned ten times as vis-

All contribute to what List sees as a fundamental role for AVL to challenge a client company thinking and come up with alter native concepts." Nor is a client sarily a vehicle maker. With car makers requiring much more design and innovation by their principal component suppliers, AVL is finding more and more siness in the components sector itself - another development which bodes well for consultancy

research as legislation grows ever stricter. But other concerns, Long-established in the UK under motor industry veteran such as noise reduction, are also claiming increased attention and AVL has installed two anechoic Jack Read, and several other European centres, as well as in the US, AVL is now also seeking Among the innovations which to tap the potential provided by may reach the production from the Japanese motor industry.

iting vehicle manufacturers have latched on to the fact that, given

just one engine, Isac can tell

them with a high degree of accuracy whether a car which is still several years from a production

Exhaust emissions, inevitably, are of major concern in AVL's

the tangential cooling fan. On

AVL's own res

Lotus view on 'active' suspension systems

# Enthusiasm abounds

technical director of Lotus Engineering, after driving a car with "active" suspension, "you return to your standard everyday model convinced that there is something wrong with the latter. What I think is so satisfying about the Active programme is

real technology and not merely "The moment you get into the vehicle you can tell it's the equivalent of having another 100 Their suspensions certainly

It is entirely understandable that Mr Wright, and General Motors owned Lotus, should have such enthusiasm for a car sus-pension controlled by a comparter, sensors and fast-working hydraulic rams so that it can "read" road surfaces and counteract irregularities - even lean the car into a corner if programmed

For it is shaping up as one of the principal revenue-generators for Lotus' consultancy engineering activities for far into the

Although only Lotus' GM parent (still apparently sticking firmly to its commitment to Lotus' independence after buying the UK concern two years ago), Volvo and Chrysler have acknowledged that Lotus is developing "active" systems for them, at least half a dozen more companies are under contract.

Precisely when the cars utilising the system's potential to the full will appear, remains an open ment question. GM's next Corvette syste sports car is the most likely candidate, its high retail price allowing enough scope for the expense inherent in the hydraulic rams

system to be absorbed.

The rams themselves bold the key to a full "active" system, for their need to be able to lift an individual wheel over a bump at speed, for example, to prevent road shock being transmitted into the interior requires reaction speeds measured in very small Achieving the desired response

times, plus getting the size, durability and production costs of the

high-performance cars. Depending on road

cally from one mode to another.

ene of the main challenges being tackled by Moog-Lotus Systems, the joint company Lotus formed with the American components and electronic systems nearly two years ago. Lotus acknowledges that they are still some

way off.
That has not prevented several dispense manufacturers applying the "mriter" label to several of

sensors at each wheel which react to road irregularities, steering inputs and sudden acceleration or deceleration to change the car's shock absorber setting. Thus, for example, the car's snown as would be helped to behave better in the hands of a "press-on" driver by the right-hand suspension automatically stiffening in a left-hand bend to limit rolling.

The crucial difference betwe this type of system, as also fitted to Ford's latest Lincoln Continental model - though without Ford itself claiming it is "active" -and Loins, is that the electronic control is still only being applied to a conventional shock absorber

which is essentially passive.
Yet Mr Wright and his colleagues are perfectly aware that,
in the long-term, "active" suspension will be just one component
system of the "intelligent" car of the future - integrated, under electronic management with active steering, anti-skid and traction controls, engine manage-ment and collision-avoidance

However, Mr Tuny Rudd, managing director of Lotus Engineering, suggests that the full significance of active suspension in engineering and manufacturing terms is not yet widely appreci-

Because wheel movement would be reduced by the ram sys-tem, clearance around the wheels can be at least halved, ground clearance reduced and bonnet lines lowered, making it possible eventually to use racing car "ground effect" principles to suck the car on to the road aerody-

namically and thus improve

Electronic suspension: Ford's front-wheel-drive 1988 Lincoln Continental features a new system combining the "boulevard ride" of large luxury saloons with the vehicle dyna

Even more important, there would be no need for the conventional complex mass of wish-bones, radius arms, struts, surings and shock shoothers that make up current suspension systems so the vehicle structure itself can become lighter, and

and transmission could then become lighter and more econor ical. With the engine at the front and transmission placed at the be attached directly to these vibrating masses and the actua in active isolation not just fro road shocks but from med

Even Mr Rudd, howeve es that the year 206 is likely to have passed concept becomes reality. With the financial umbrells now raised over Group Lotus by its giant US parent, which is gramme for the once resources-short sports car and engineering

advance its research and deve front, Many in the industry belie that it is the innovative eng ing that was displayed by the small British group — which still employs less than 1,000 — reflected in its string of grand prix racing victories which attracted CM to it, rather than its string of grand attracted CM to it, rather than its

concern, Lotus is well placed to

schal car production.

Even so, Lotus plans to increase car output from less than 890 last year to more than 5,000 by 1992, following the launch of its all-new Elan two-

And the Klan itself is expe to reveal that Lotus has plenty of tricks up its siegre when it comes ing more urgent among car makers - how to transmit high through front who



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# Good design: a crucial factor in car sales success

THERE WAS a time when automotive design in Europe was positively discouraged by general design schools - and, to some extent, this attitude still lingers, according to industry observers.

This bias came largely from the Bauhaus and Ulm traditions of design education, which took the view that automotive designers were really "stylists," says Mr Nigel Chapman, who is head of the department of transport design at the Royal College of Art

The RCA trains between 10 and 12 designers a year, all post-grad-nates. The course was set up with vehicle companies in response to the shortage of good automotive designers which arose from the anti-automotive ethic which was prevalent in many design colleges in Europe. Mr Chapman says that even today he has to advise some stu-dents outside the RCA to carry out their automotive projects in their own time while completing general industrial design courses.

Nowadays, however, young designers have an easier time finding appropriate training.

In the mid-1970s, the shortage for the mid-1970s for of automotive designers led to the RCA graduates being labelled "young whizz-kids" in the sector. There were job opportunities worldwide with high salaries.

Prospects now are changing.
There may soon be too many automotive designers — "we are reaching a predictable level of capacity in the traditional automotive studio. The need for new designers may be regulated now by retirement and natural wast-

age, not by any explosive demand," says Nigel Chapman. Successfully designing a car, truck or bus is one of the most challenging tasks an industrial designer can choose, especially since the commercial risks for manufacturers are so great.

For example, when Ford launched the Sierra, the car's rounded shape was an innova-tion, but there were sales problems in the UK, one of Ford's most important markets. The set-back allowed the more convensignificant beadway in the company-car market which had been zerland, makes discipline and says. "But I find that many dominated by the Sierra's prederight attitudes a high priority. He schools - and I cannot single out

afternoon," says a market ana-lyst. "A wrongly-designed car up at the start of the day and becomes a marketing nightmare, then drifting off."

Mr Bahnsen knows what indus-

'Product-development personnel need more recognition...if we do not have an intelligent manufacturing design base, then we will be in trouble.

In a drive for high design stan-philosophical.
dards, Uwe Bahnsen, director of education at the Art Centre Coltant to create a solid foundation lege of Design in Lucerne, Swit- and broad understanding." he

haps \$1bn in factories and new try needs from designers. For 28 roduction plant."

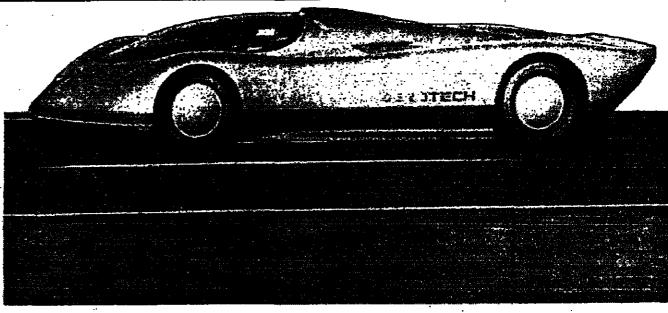
years he was Ford of Europe's
Such a design responsibility Vice President of Design. He can be awesome, even when it is recognises that automotive shared by a large team of design-design training can all too often become overly theoretical and

cessor, the Cortina.

says: "We expect students to the UK in this - tend to be dis"So, rather like Admiral Jelliattend full day classes of six tant from design requirements." coe, an auto designer is the only hours, and two and a half hours So when the student gets into an man who can lose a war in an of academic studies thereafter. industrial environment, he suffers a culture shock and it can take him a long time before he is a contributory member of a team. "When students graduate from here, I want them to be ready."

Young vehicle designers need to know far more than just how to draw well; they have to under stand about manufacturing tech-nology, new materials, structural requirements and motoring stan-dards and legislation — "the dards and legislation - "the more you know about these aspects, the more freedom you have to work within them," says

Some car designers see them-selves as problem-solvers in the widest sense. For example, Mr Roy Axe, design director of Austin Rover, believes that it is his



neral Motors' Oldsmobile Aerotech concept car, a "flying test-bed" for General Motors' new Quad 4 engine. The car itself will not go into production

role to make sure a car is reliable. Designing a car is done in three stages, he says. First comes the need to lay down the basis of reliability. Then comes the prob-lem of "adding the bits the cus-tomer wants." And the third task is to give the vehicle individual-

At the RCA, Nigel Chapman strongly emphasises the need for drawing skills and creativity, for unless a designer skilfully puts his ideas on paper, he is useless. Mr Chapman also stres

can designer said he found RAC end, with power being supplied graduates more thoughtful than through the road surface. the highly trained technical grad-"If the mechanics of this were uste from America. But then, the feasible today, then it wouldn't RCA student should be; this is a post-graduate course and the stu-

very high standards because the their minds in a wonderful way." tancies which help vehicle comdriver will spend perhaps 30 sec- The RCA studios are crammed panies develop new products, onds a day looking at the outside with models and sketches of often at short notice. According of the vehicle, compared to the advanced cars. One model, soon to Mr John Shute, chairman and many hours spent inside the to go on public display, is a four managing director of interna-vehicle. seater with children in the front tional Automotive Design in Sus-He says that what counts in but facing backwards to look at Britain 'Is the quest for develop-ing creativity. One senior Ameri-two large wheels, one at each made of designers, thanks to

dents spend two years blowing ers lies with automotive consul-

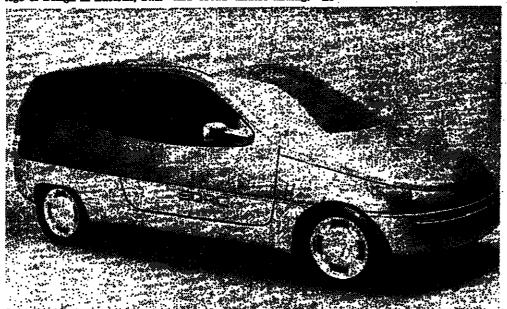
sex, "consultants can even-out made of designers, thanks to product cycles." By using consultants, car companies can keep minimum levels of product devel-

The growing strength of the consultancies is epitomised by the intended sale of facilities owned by General Motors to inde-pendent agencies. The Millbrook Test track is likely to be bought by Lotus for consultancy work while the truck and bus engineering facilities in Luton may go to JVB Designs.

Many UK automotive designers spend some time working over-seas. Like the motor industry itself, design is international. Ford sees its design capability as a "global resource" and it uses satellite links to employ designers from one region to work of projects being masterminded by studios in another region.

Yet Mr Bahnsen appears sad to see the disappearance of Euro-pean design talent to far off countries. He adds: "There is insuffi-cient recognition of design in the UK industry. That is why designers go abroad. Higher pay is not the key issue. British car design-

Mr Chapman goes further, however. He warns that "product development personnel need more recognition within their own country. If we do not have an intelligent manufacturing



approach what it sees as a fundamental change rapidly approaching for the motor industry move from making relatively few models in high volumes to shorter runs of a variety of mode Tom Karen's Ogie Design consultancy carried out the styling and ma

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# of plantic panels. The test of intelligence

eral vehicle makers' needs could

suit a carlety of market niches. It has a dri

be met from an independent sup-

A theme running through all these changes, however, is the need for not just the vehicle and component makers to mesh more closely, but the components

during a current UK lecture tour on the "intelligent" car, and as Dr Walzar and yet others in the industry stress: it is the compati-bility of the individual electronic ingredients, and their ability to form complementary "expert systems" which, in the end, hold

"What we're looking for," according to Ford's Faraday lec-means certain of two cost-benefit turer, Mr Mike Westbrooke, "is value to customers. Prof Ulrich

ened debate on the relative posi-tion of the Western and Japanese industries in the race towards the intelligent car.

The compatability of electronics and the ability to form 'expert' systems, hold the key to car of the future

The jury is still out, and likely to remain so for several years

No Western car, for example, is offered with four-wheel steering (4ws). Yet Audi developed one a decade ago, and General Motors decade ago, and General Motors has long had running prototypes. Both argue that they are by no

much more worried about Japanese production efficiencies -another factor to weigh heavily in the car of the future.

Flat Auto's managing director, Mr Vittorio Ghidella, makes no bones about his view that between the West and Japan lie two different production philoso-"The Japanese automated in

the 1970s and continue to place emphasis on efficient workers. Automation becomes neces sary in Europe because our workers are freer and have other val-

ues than pure work. So automation is the right reaction." Fiat is practicing what it reaches the Tipo model which it launched in January is being built at Flat's Cassino plant by the most automated processes in the world. It is assembled almost

cept cars unveiled in Tokyo last
November, the introduction by
Honda and Mazda of four-wheelsteering and other technologically-advanced features has sharpTrof Seiffert confessed to being
Trof Seiffert confessed to being some time in the 21st century. In the meantime, Mr Karl Lud-vigsen, the former. Ford of Europe vice-president who now runs his own consultancy, with

headquarters in London, suggests that there is yet one further way in which the European industry could cut costs substantially, against the background of the EC's intention to dismantle internal barriers to trade in 1992. This, he says, should open the

way for manufacturers to share the expensive-to-produce plat-forms around which all cars are built and for which real economies of scale start at half-a-mil-lion units a year and above.

As Mr Ludvigsen points out, motorists would never know the difference,

Intelligent manufacturing?



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member company

Continued from Page 1 control system. nology "guinea pigs" in a way ment is required, it could well make more sense for car makers to the intelligent car."

In continued from Page 1 control system. nology "guinea pigs" in a way that no Western company could that no Western company could have the intelligent car."

Civen the rescalarite of the rescalarit

plier by using partly or fully standardised sub-assemblies. This, obviously, would be par-ticularly attractive to a carmaker where a particular tech-nology subject to rapid and continual change is involved.

For as Ford is making clear

the key to the car of the 21st

torer, Mr Mike Westbrooke, "is value to customers. Prof Ulrich total control over the whole driving process, from the piston to the who was himself head of the wheels — the bringing the car's dynamic behaviour, 'engine management' route guidance and all other individual provocatively, is able to use docing redients under one integrated is domestic consumers as tech-

# MIRA POWER TRAIN TECHNOLOGY Consultancy - Design - Develop MIRA



Although surprisingly unaffected by the Gulf. war, the Emirates are now much more concerned at its

possible spread and the impact of Iranian propaganda. But, says

Michael Fleid. current

preoccupations also underline the need for evolution, long term, towards

a modern nation state

# The challenge of change

close to a war. Occasionally in the Arabian peninsular states the last year walls of smoke have were happy to let two potentially been visible off Duhai, when the hostile neighbours fight each lraqis or Iranians have hit tank other to a standstill; now they ers near the coast, and a successare arraid that "something might sion of rocket-damaged vessels is repaired in the state's drydock.

Otherwise, all seems normal. There have been no Iranian ing to stop. attacks on UAE territory as there have been on Kuwait, and no terrorist outrages. Dubai has a large tion Council, which groups Saudi Iranian immigrant population, Arabia, Knwait, Bahrain, Qatar, does a large amount of trade with the UAE and Oman, it was Iran, and handles several flights, decided that Sheikh Zayed, the full of shoppers, coming from President of the UAE and ruler of Iran, and handles several flights, decided that Sheikh Zayed, the full of shoppers, coming from President of the UAE and ruler of Tehran or Shiraz every day. In Abu Dhabi, should take the lead both Dubai and Abu Dhabi, the in trying to improve relations atmosphere is one of continuing

bustle and moderate prosperity.

Where the war has an effect is in people's minds. "It has taken full diplomatic relations with the sleep out of our eyes," a Bahraini sheikh said recently. His

Gulf, and so Iranian reprisals are taking place in the same area. Islam, are the establishment in The American Navy has arrived Iran and the fact that Bahrain.

go wrong," and that they might become involved in the war themselves. They want the fight-

At the meeting in Rivadh last December of the Gulf Co-Operawith Iran

Iran. It not only has the advantages of Dubai's trade; it is fur-The war is felt to be more dangerous than it was a year ago. Iraqi attacks on tankers are happening closer to the mouth of the the unorthodox, mystical sect in in the Gulf and the Russians are Sandi Arabia and Kuwait all



# **United Arab Emirates**

ties is an irritant in their rela-

So far, there have been no obvi-ous results from the UAE/GCC ative, and it seems probable that Iran will concentrate on try-ing to divide the Emirates and Oman from the rest of the counas influential in the students'
cil – mainly through trying to
develop separate discussions with
To encourage the ebbing of the different members.
While the intermittent contacts

continue, the UAE rulers worry about Iranian propaganda. Iran's broadcasts are beamed mainly at the northern Arabian states, but they can be listened to in the UAE and parts of their message could apply to that country. They accuse the rulers of extrava-gance, failure to promote people who are not members of their families, ineffectiveness over Palestine, and suppression of free

Iranian influence has been behind the growth of fundamen-talist Islamic sentiment in the region. This spread rapidly versive activity, Abu Dhabi and among the young in the UAE ear. Dubai, like the other Arabian oil lier in the 1980s, but now that states, in the last two or three

be either static or waning. The reform societies, which propagate Islamic social practices, seem less active and, at the UAE university, the Islamic tendency is not

union as it used to be.

To encourage the ebbing of misguided zeal, the Ministry of Education has been weeding out teachers who have shown too great religious enthusiasm. A committee has been editing all text books to make them less Islamic; the revised versions should come into circulation at the beginning of the new aca-

Recently, an edict was reissued to remind preachers that they must have their sermons passed by the Ministry of Religious Endowments and then must not deviate from the approved texts.

To counter the direct Iranian threat and the possibility of sub-

people have become disenchanted years have been channelling 40 to with Iranian politics, it seems to 50 per cent of their oil revenues security and military spend-

> damentalism make up only one of two broad issues which preocnt: the other is the state of the federation itself.

In recent years, Abu Dhabi and Dubai have seemed to be going their separate ways. They have always pursued completely separate oil policies; Dubai refuses the UAE at meetings of the Organisation of Petroleum Exporting Countries. and it are incapacitated by a series of strokes in the early 1980s, the Organisation of Petroleum head of government and incapacitated by a series of the UAE at meetings of the Exporting Countries. its oil at open-market prices. The promoting its interests, the fedsame independence applies to military purchasing, although gone into decline. Several Minis-officially the forces in Abu Dhabi terial posts are vacant and are

Where the states have given such matters as Dubai's creation there were no real budgets at all

coup d'état in Sharjah last summer, and in the ill-will engen-dered by Dubai's handling of some 90 per cent of the imports of the federation - which last year caused Abu Dhabi to announce that in future its own imports

must come through its own port. This edict has not been enforced. At the same time, the main federal institutions seem to have become weaker. Since Sheikh Rashid, the ruler of Dubai and Federal Prime Minister, became incapacitated by a series of eral government machine has and Dubai are part of the same filled on a de facto basis by under

In the last four years, the fedof its own airline, Emirates Air, - just monthly grants to minist to be citizens of a nation state.

#### CONTENTS

Sharjah

presperity holds up

tries based on their previous They argue that, while the tradiyear's allocations, with the tional fragmented system of gov-arrangement being given a cer- ernment continues, the UAE will tain formality in the publication never be strong. It will be unable of a budget near the end of the to face a crisis.

Officially, the federal administration runs all aspects of government apart from Abu Dhabi's and have been going their own ways.

There's intermed aspects of the runs of the contributions. As the Government has weak-

ened, so have some of the federal agencies. The Emirates General Petroleum Corporation, which was formed in 1981 to take over most oil products' distribution in the northern states, is having its market position eaten into by the major cil companies, a Dubai Government joint venture and the Abu Dhabi National Oil Com-

The one federal institution which seems to increase in stat-ure is the UAE university at Al

Ain, in Eastern Abu Dhabi. The problems of the federation cause much hand-wringing tives. among the UAE middle class This section of society expands every year as more young people come out of high school and university. The young have been taught to regard themselves as citizens of the UAE and they look for greater unity among the Emirates and a more institutionalised system of government. In the Emirates north of Dubai, where there are not significant amounts of oil, a stronger federal government is also seen as a means of the states getting more money.

The middle classes support their rulers as individuals. Sheikh Zayed of Abu Dhabi is enormously respected and admired, and Sheikh Maktoum bin Rashid, the eldest son of the incapacitated ruler of Dubai, is increasingly popular. Maktoum has grown much in prestige in the last two or three years. He had the reputation for generosity, which is an important quality in the Middle East, and he is interesting himself more than he used to do in government.

What the bourgois intelligensia government. It is not so much that its members object to the in the UAE – works well, and sheikhs being privileged and the rulers are popular, but for the the impression of greater indeeral budgets have been their no longer seeing themselves pendence recently has been in announced late. In 1986 and 1987 as clients or subjects of a few as clients or subjects of a few individuals and wanting, instead,

These arguments are only

Dubai's internal economic devel- in recent years, they are flourishopment, but, in practice, the two 'ing, which makes calls for more
leading Emirates now run all co-ordinated policies seem pointtheir own affairs and deduct the less. Greater central control of cost from their federal budget their economies would probably stultify Dubzi without benefiting

Abu Dhabi. In politics, the day-to-day indi-vidualism of the Emirates does not mean that the rulers cannot Desnite their different views on aged to act together to resolve the coup d'état in Sharjah, restor ing the ruler to his post and appointing the man who tried to oust him as his deputy.

The sheikhs are much less upset than the middle classes by ates pursue. They may quarrel but they understand each other and accept each other's preroga

At a personal level, they are friends. Their relationships are developed by their continual other social events.

Where the complaints and anxieties of the bourgoisie may be justified is in the long term Because the Emirates' system of government in other Arabian peninsular countries – does not seem able to evolve as society changes around it, it is slowly its people.

In particular, it seems unable appointed national assemblies Before its recent sessions, the Federal National Council of the UAE went for two years without being summoned, and, when the latest meetings, it was noticed that three of the most vocal personalities in the old council had been left out

The issue of federal v state gov ernment in the UAE is part of the broad issue of the workings of Arabian peninsular government. does not like is the system of For the time being, traditional powerful. It is more a matter of next decade the ruling families transferring the people's loyalty from themselves to the nation



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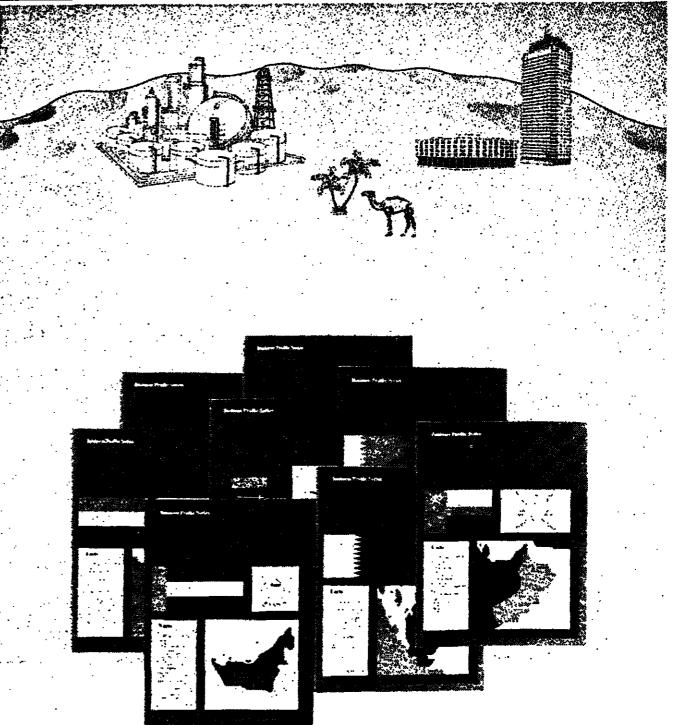
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The British Bank of the Middle East

Michael Fleid explains the background to last year's attempted coup d'etat in Sharjah and the political tensions which still remain

# Federal rulers impose uneasy compromise

important event to have occurred in the UAE in the last 12 months is the attempted coup d'état in Sharjah last June. Although no blood was shed and a compromise between the ruler, Sheikh Sultan bin Mohammad al-Qassimi, and his brother, Abdul-Aziz, who had organised the coup was arranged in a matter of days, the problems that led to the coup have not been solved and the feeling in the Emirates is that the dination is unstable.

Of the protagonists in the coup, Sheikh Sultan at first sight is the model of a modern Gulf ruler. He has studied agriculture at Cairo University and received a doctorate from Exeter, in con-trast, some of the other Gulf rulers are barely literate - literacy was not a very useful accomplishment in the society into which they were born but, as a group, they are wise and blessed with extraordinary memories and a flair for dealing with people.

Sultan bin Mohammad was

made ruler of Sharjah in 1972, in preference to his elder brother Abdul-Aziz, precisely because his more modern qualifications seemed what Sharjah would be needing in the 1970s. The occasion of his succession was the aftermath of a short-lived, violent coup d'etat in which a consin had murdered the senior member of his immediate family, Sheikh Khaled bin Mohammad, who had been ruler since 1966.

Since he became ruler, Sultan has enhanced his academic reputation in some quarters by writing a history book in which he represents his ancestors in the early 19th century as strugglers against the British and the forerunners of modern liberation movements. The more conventional version of events is that they were the pirates whose raids on India-bound shipping were the original cause of Britain's enter-

ing the Gulf. What has made Sultan controversial with some of his own untrymen, however, is not his interpretation of history but the economic problem that has beset Sharjah under his rule. The State was unlucky in that its first small oilfield in the 1970s suffered a very rapid decline in out-put, which undermined Sultan's terprising attempt to develop Sharjah as an exceptionally liberal off-shore business centre

over its lack of budget contribu-tions to the Federation and the Federal Ministry of Electricity's failure to pay for the gas it has supplied. (see article below).

While this dispute has been in progress, the Sharjah Government has run up debts thought to total \$1bn - which is much more than it would have received from its gas even if it had been paid. The economy of the Emirate has stagnated.

The business community has grown increasingly disenchanted with this poor performance. Not the least of the policies causing irritation was the ruler's banning of alcohol soon after developers had made a substantial investment in hotels. Sultan in recent years has been increasingly devout and his State is the only one in the UAE to be dry

The man who tried to depose Sheikh Sultan last summer was his elder brother, Sheikh Abdul-Aziz, a person of a different

stamp.

Abdul-Aziz is a soldier and a businessman, a widely respected member of the Qassimi family. He trained at Mons, the British Officers school and, before the UAE became independent in 1971, he served in the British-run defence force, the Trucial Oman Scouts. It was while he was in this unit that he became a friend of Sheikh Zayed, the ruler of Abu

In recent years Abdul-Aziz has been commander of Sharjah's Amiri Guard, a prominent businessman and President of his State's Chamber of Commerce.

The coup he mounted last year took place on the morning of June 16, when Sheikh Sultan was on holiday in Britain. Abdul-Aziz occupied the palace and the main Sharjah government offices with his troops. By the normal stan-dards of cours it was a gentle-manly affair, no shots were fired, there were no arrests, and there was no interruption of com

The first the other Emirates and the world outside heard of the events was the broadcast of a letter, said to have been written by Sheikh Sultan, in which the ruler said that in spite of his having tried to budget wisely people had exploited the system and so his State had run into difficulties. his State had run into difficulties. From the start, it was clear the added that he wanted to furthat Abu Dhabi and Dubai were ther his education at Exeter and divided in their response to the

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Shelich Suitan bin Mohammed al-Caselmi

so had decided to hand power to coup. Abu Dhabi's radio broad-his brother, Abdul-Aziz. cast Abdul-Aziz's statements in There followed a reply from full, Dubai's ignored them Abdul-Aziz in which he accepted totally. Immediately there was the reins of government and speculation that Abu Dhabi was thanked his brother for the good behind the coup, and this has

Certainly Abu Dhabi has res-

In the nine months that have followed these events, Sharjah has been quiet but the situation is not felt to be stable.

work he had done. In the days that followed Abdul-Aziz circulated in Sharjah two statements in which he detailed the parlous tan. In the 1970s and early 1980s, Sultan received a great deal of financial help from Abu Dhabl state of the Emirate's finances and outlined his proposals for

since the region's oil revenues have fallen Abu Dhabi's help has

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Sultan's relations with Sheikh Zayed of Abu Dhabi, the Presi-dent of the Federation, have dete-riorated. Early in 1987 at the Islamic summit in Kuwait, where he went as part of Sheikh Zayed's delegation. Sultan disagreed in public with the line being taken by his President. In his relations with foreign powers, Sultan has firted with Iran. It is often said that he has an inflated sense of

his own Emirate's importance.
To what extent these poor relations led Abu Dhabi to back Abdul-Aziz's coup is a matter of speculation. One school of thought suggests that Abu Dhabi was engaged actively in its planning, another that Abdul-Aziz approached the Abu Dhabi sheikhs, talked about his scheme and was told that if he could organise a transfer of power he would receive Ahn Dhahi's

Given Shelkh Zayed's commit-ment to the Federation, his patience and his statesmanship something towards the less active end of this range of possibilities, seems the more probable Abu Dhabi response.

Dubai's view of the coup and of

Shelkh Sultan was the opposite of Abu Dhabi's Although tradi-tionally Dubai and Sharjah had en commercial and political rivals, since the early 1980s their relations have been good. A bor-der dispute was settled amicably, a few years ago, and a gas con-tract, on terms favourable to Dubai, has been a major source of Shariah's revenue.

When he heard of the coup, Shelkh Mohammad bin Rashid al Maktoum, the most assertive of the brothers who now run Dubai, flew home immediately from England, where he had gone for part of the flat racing season.

He then went with his brother, Hamdan, to Abu Dhabi and argued forcefully that the coup should be reversed. His contention was that any support for a coup d'état in any one Emirate was a dangerous game which might be copied elsewhere. The conspiracy, deposition and mur-der which stains the histories of it is often said that Abu Dhabi's the ruling families of the region, earlier this century, has made present members of the families

Most of the members of the Federal Supreme Council, com-posed of the rulers of the seven UAE states, then gathered in the cesis of Al Ain in Abu Dhabi to work out a compromise. In this Sheikh Zayed took a leading role, responding to the urging of Saudi

Sheikh Abdul-Aziz bin Mohammad, meanwhile, remained with his troops in Sharjah, while Sheikh Sultan, who had returned from England at the same time as Sheikh Mohammad bin Rashid, installed himself in Dubai, where he received wellwishers and assured everyone that he was still ruler. Those who saw him say he looked a very worried man. The two only went to Al Ain when a compromis

In essence it was decided that Sheikh Sultan should remain ruler of Sharjah and that Abdul-Aziz should be deputy ruler and Crown Prince.

In the nine months that have followed these events. Sharish has been quiet but the situation is not felt to be stable. Sheikh Sultan and Sheikh Abdul-Aziz are not talking to each other. The Amiri Guard has been transconsin, Sheikh Faisal, but Abdul-Aziz still has retainers of his trial Engineering

It is assumed that if Abdul-Aziz can muster the support of the other members of his family he will force Sultan to step aside. For his part Sultan does not leave the Emirate.

The consensus in the UAE is that the episode cannot have strengthened the Federation and this is probably correct.

Yet last summer, the Supreme Council of Rulers met more times in a week than it had done in the previous five years. The rulers face an extremely difficult problem. They have worked out a compromise and imposed it on the people involved. Even if the Federation is not a tight unit, with much control on its men bers actions, in a day-to-day sense, what happened last summer shows that, in a crisis, the rulers still work together.



BP Middle East's new luboil blending and packaging plant at are not talking to each other. The Amiri Guard has been transferred to the command of a cousin, Sheikh Faisal, but Abdul. Dral. Project consultant was Ewhank Prece Process and Indus-

Oil production

# Prices under pressure

production. Last year, its output the 1970s, Mubarak producture averaged 1.07m barrels a day, hits 80,000 b/d, but it is a difficult field ting a peak of 1.55m b/d in and production rapidly declined.

The most northerly of the emirates, Ras al Khaimah products at the cut is not in response to 5,000 b/d of condensate from a strength in the most for a stable of the products.

The cut is not in response to any alteration in the quota for profitable offshore field develtion of Petroleum Exporting oped by Wintershall, Neste of tion of Petroleum Exporting Finland and the Overseas Petro-Countries. At the Opec meeting leum investment Corporation of last December, the UAE allocation remained unchanged at densate produced in the UAE its organisation members, excluding the control of 15.00m b/d.

The cut is not in response to 5,000 b/d of condensate from a profitable offshore field developed by Wintershall, Neste of Taiwan. Like much of the control o

Iraq, of 15.06m b/d. What has changed is the state of the market. With open market prices threatening to fall to around \$14 in the spring, Abu Dhabi is now much more worried than it was last year about The

While other members have gas in the ratio of one barrel to been giving discounts, Abu Dhabi at present is sticking to official prices. But this policy is under-stood to be being debated in the Government and it may change at any moment.

Abu Dhabi's willingness to

breach its production quota in last year's stronger market was caused by its exesperation with Dubai's long-standing refusal to co-operate with Opec.

Although it is technically the UAE as a whole, and not just Abu Dhabi that is a member of Abu Dhant that is a memoer or Opec and although Dr Mana Saced al-Otalba officially is the UAE Oil Minister, Dubat has never taken its share agreed for the UAE at Opec. If the UAE has complied with an Opec quota, the entire sacrifice has always been borne by Abu Dhahi

this comes from the Fatah group estimates have been increased to of offshore fields, operated by 95km barrels.

Salaz field and about 6,000 b/d of oil from the offshore Mubarak

SINCE THE begining of this year, field, which it shares with Ifan. Abu Dhabi has radically cut oil in its first year or so onstream, in production. Last year, its output the 1970s. Mubarak produced

producing area are the large reserves. The Fatah fields are reckoned to contain about 2bn barrels; they perform well and should be good for another 20

The Sajaa field in Sharjah may defending the Opec average price have 250m-300m barrels of recoverable condensate, mixed with

All of the other northern fields have minor reserves or are disappointing performers. The Margam field in Dubai was expensive to develop but is difficult to pro-

duce. Its gas is re-injected but does not stay in the reservoir. The great bulk of the UAE's oil reserves are in Abn Dhabi. Onshore the main fields, Bu Hasa, Bab and Assab, are con-trolled by the Abu Dhabi National Oil Company and the Abu Dhabi Petroleum Company, the former concessionaire, which is owned by BP. Shell, Total, Exxon and Mobil. Offshore the Umm Shais and Zakum fields are run by Abnoc with BP, Total and

The traditional figure for the Last year, Dubai was unmoved state's proven commercial recovered by visits of ministers from erable reserves was 33bn barrels, other Opec countries — it main but recently there have been big tains that its oil production is its unwards revisions of reserves in own business.

Its output in 1987 ran at 389,000 iran, iraq, Kuwait and Venezuela bid, the bulk of it being sold on — and last year Abu Dhabi the open market. Almost all of joined this trend. Its reserves this comes from the Festal area.

The fashion for upwards revi-Onshore the Margam field, sion is partly politically motivated the licensee is an Atlantic vated the states with large Richfield/Britoil company, pro-Richfield/Britoil company, produces about 17,000 b/d of very production quotas. The nominal light crude or condensate.

In Opec terms the other northern emirates' production is insignificant. Sharjah, with its onshore partner Amoco, produces onshore partner Amoco, produces recover more than the traditional 45,000 b/d of condensate from the 30 per cent of the oil in place.

**Michael Field** 

Sharjah gas dispute

# A major problem

Sajaa.

In simple terms the problem is that the because Sharjah has not paid sufficient money into the federal treasury, the state's production pariner, Amoco, has not been paid for gas deliveries to federally-run power stations and Amoco in turn has been unable to pay the Sharjah government its share of revenues.

The Sajaa field was discovered at the beginning of the 1980s, by Chicago-based Amoco. The field is operated by Amoco and until the end of January this year, when the Sharjah government.

when the Shariah government bought a 60 per cent stake, the condensate and gas produced was owned entirely by the US com-

The 45,000 barrels a day of condensate is exported, being sold mostly to third parties, and the 500m cubic feet a day of gas is delivered under separate contracts to the Dubai Gas Company (Dugas), which takes rather more than half, and the Emirates General Petroleum Company (EGPC). eral Petroleum Company (EGPC). The federal company in turn delivers a minor amount of gas to cement plants and the rest to the Ministry of Electricity, for power

The terms of the contract are very different. Dubai, which has its own treatment plant and large supplies from its offshore fields, is happy to take unprocessed sulphurous gas in whatever fluctuating quantities suit Amoco. EGPC's contract is the reverse the gas has to be purified to a high standard and quantities are at EGPC's discretion.

The price of the Dubai contract, signed in May 1985, is \$1.25 per million BTU and the EGPC contract, signed in 1982, is for \$3.50 per million BTU. The contract is the UAR ell industries. sensus in the UAE oil industry is sensus in the UAE on industry is that Dubai's price does a bit more than reflect its tough terms, it may be slightly related to the settlement of a Sharjah/Dubai border dispute that was agreed around the time it was signed.

From 1985 the price of the Dubai contract has rankled with

the federal institutions. Deliveries of gas to EGPC started in November 1983 and the dispute between the corporation and Amoco began soon afterwards. EGPC paid \$2m-3m for ales of gas to cement plants, but

THE MAJOR problem of UAE has paid nothing at all for gas politics — the government and delivered to the Ministry of Electinance of the emirate of Sharjah tricity because it has not been paid itself. The reason is that the Sharjah state government, in the saign.

In simple terms the problem is a seril grower ment beginned to the federal constant of the said of the federal constant paid to the finistry of Elections of the emirate of Sharjah tricity because it has not been paid itself. The reason is that the said to the finistry of Elections of the emirate of Sharjah tricity because it has not been paid itself. The reason is that the said the federal constant paid to the finistry of Elections of the emirate of Sharjah tricity because it has not been paid itself. The reason is that the said the federal constant paid to t

month the International Chamber of Commerce in Paris awarded it \$383m - the sum due the last time EGPC and Amoco held talks, in September 1986.

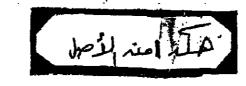
The arbitration of the chamber is supposed to be binding on the parties but it does not seem likely that EGPC will be able to likely that RGPC will be able to pay within the 30 days stipulated. If it fails, it is assumed that Amoco will stop its gas deliveries to RGPC and pursue its claim through the courts. Amoco has twice before cut its deliveries, in May and October last year, and resimed them when it had misleading indications that it was likely to be paid. likely to be paid.

It is recognised by everyone involved that ultimately the solu-tion to the payments problem has to be political — litigation will do no more than increase the pres-sure in this direction. Ideally, Sharjah would offer to make some regular payments to the federal government, the offer would be accepted by the Govern-ment and by Abu Dhabi, which at present pays most of the fed-eral budget, and then in turn payments for gas would move from the Ministry of Electricity to EGPC to Amoco and the Sharjah state government.

It is said that Sharjah has recently made an offer of budget payments though this cannot be confirmed. Given the delicate state of the Emirate's internal politics, the reluctance of the ruler to give way on the issue and pride of all the parties involved, it seems likely that a solution will not be arranged

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#### **UNITED ARAB EMIRATES 3**

Weakening oil prices have not yet hit the economy

# Prosperity holds up

production last year at 1.45m barrels a day — one and a half times its Organisation of Petroleum Exporting Countries' quota. Of the total, Abu Dhabi produced 1.07m b/d and Dubai 380,000 b/d.

Although Abn Dhabi has recently cut its production by 30per cent, and both states may suf-fer from lower prices this year, the effects of the weakening oil market have not yet fed through to the economy as a whole.

Dubai, as well as buoyant oil production, has an expanding enues of its own it has always service business and a flourish-been argued in the Emirates that ing re-export trade, And both Abu Dhahi and Dubai benefit in the negative sense from having none of the special problems that have beset their neighbours.

The Kuwaiti economy has been paralysed for several years by the crash in 1982 of the Souk al Manakh, the unofficial stock exchange, and the collapse of its important re-export trade with Iran and Iraq. Bahrain has suf-fered from the decline of regional anking activity and an ebbing of confidence in its role as a regional service centre.

In the Northern Gulf, business confidence is much more affected by the Gulf war than it is in the UAE, partly because Kuwait, Bahrain and Saudi Arabia are closer to the scene of the fighting and partly because they have much less good relations with Iran than do the Emirates.

All of these environmental fac-tors are significant but, in the end, they are less important as a source of prosperity than large oil revenues. The oil incomes of Abu Dhabi and Dubai last year are believed to have run at about

\$6hn and \$2hn respectively.
Of these sums, a theoretical
\$3.5bn was paid to the Federal
Government. Officially, the Federation is supposed to receive 50 er cent of the oil revenues of all UAE oil producers, but in prac-tice it is only Abu Dhabi and Dubai that have paid any signifi-cant sums at all, and from what they pay they deduct their own spending on defence, security, health and education, which are nominally federalised but in the two leading states come under the local governments. Given that defence and security are generally reckoned to account for 40 per cent of oil revenues, the deductions made under these

headings are large ones. Furthermore, since the fall in the region's oil revenues became serious, in 1984, the Federal budgets, which run on the Gregorian year, have been announced late. In the last two years, spending month on the basis of their being given a twelfth of their previous year's allocations, with these

present is the most prosperous of happen in 1988.

pavilions, in the middle of the the Gulf's oil states. It ran its oil

The result of this has been that desert. Work is under way or

deficits as they did up to and including 1985. What small deficits they have had have been made up at the end of the year by Abu Dhabi, which has led the Emirate to claim that it is spend-ing over half of its oil revenues on the Federation and may have made it less tolerant of the recent failure of Sharjah to contribute to

the budget. Because it has not had any revthe Federal Government cannot borrow. Last month, though, the Central Bank governor, Abdul-Malik al-Hamar, announced that

"There is not enough capital reaching the private sector"

his bank had sold \$1.7bn of certificates of deposit to the commer cial banks up to December 25 last carried out at present are pump-year, and he added that, in ing enough money into the UAE nature, if the state governments private sector to keep the busiwere unable to make up the Federal deficits, there would have to be issues of treasury bonds and bills. Income tax as an additional those of five years ago is that source of revenue was ruled out implementation now is being after Saudi Arabia's mismanaged introduction and immediate cancellation of the tax in January.

While it remains short of reve-Government's money is going to current items. Neither the Federal reaching the private sector to current items. Neither the Federal nor the Abr Photo and the Ph eral nor the Abu Dhabi state gov-ernments have been able to make significant cuts in their spending on welfare and subsidies, which

Both Abu Dhabi and Dubai Iran, turned over \$1.4bn last year. have been able to keep a fair number of projects under conabout \$5bn of goods, which made struction. In Abu Dhabi, much of up some 90 per cent of the UAE's struction. In Adu Duade, miles on imports.

The state's smelter has benefit of the sta of the emirate, the Swelhan garri-dock has taken in a stream of son and an extremely luxurious war-damaged tankers — though officers' club. The eventual cost by no means all of its business of these projects will be at least stems from the hostilities in the

In Duhai, the Bin Hud air ther revenue. defence base is virtually finished. The curre as is one of the world's most opu-making the s

Some 94% of our total sales of 155,025 tonnes was exported to 21 countries. Almost 90% of finished product was highvalue premium forms.

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Federal spending has fallen constarting on city roads, a motor-siderably since 1984. Ministries way to Al Ain, a sewage and way to At Ann, a sewage and storm drainage system, an air cargo "village" at the airport and various parks.

For the short- and medium-

term future, there are plans for a big expansion of the Al Ain university, which should be a Federal project but will probably be paid for by Abu Dhabi, more sure, defence, sewage and elec-tricity projects, and, possibly one of the most talked about projects in the UAE at present - the Umm al Qaiwain aluminium

The ruler of the emirate of Unim al Qalwain and the project promoters are anxious that the smelter should go ahead — and in favour of the project is the fact that the price of aluminium recently has been strong. Against it are the lack of obvious sources of finance - Umm al Qaiwain has virtually no revenues of its

- and, more serious, the lack of guaranteed gas supplies.

Those projects that are being ness climate in the country fairly prosperous. The difference between the present projects and stretched. One can see that construction is going on, but it is obviously slower than it might be and there is not enough capital

The moderate prosperity that continues for the time being is more visible in Dubai than in would be politically unpopular. Abu Dhabi — which is as it But whereas Abu Dhabi and always has been. This is not But whereas Abu Dhabi and always has been. This is not Dubai are able to be prompt in because Dubai is the Gulf's only meeting their obligations on curdiversified or "real" economy, as
rent expenditure (and on projects), the Federal government is
Its flourishing re-expert of jects), the Federal government is a lits flourishing resuport trade, often late in paying salaries, based in the creek, much of it rents and other day-to-day bills.

military installations – the Sadi-yat island missile base, the naval facilities at Tawllah in the west minium prices and its huge dry

of the Abu Dhahi-al am mount pecause it is an extremely whose mer-way, major road improvements in prising city state, whose mer-ask the Soviet Union as a mem-Abu Dhahi city and the Tawlish chanis and ruling family are con-her of the Security Council to thutally thinking of ways in help end the Gulf war without which they might generate furestablishing diplomatic rela-

arrangements being formalised as is one of the world's most opu-making the state a regional ser-retroactively in a budget in the lent golf courses, an enormous vice centre. It has already ters of Lloyds Bank and Citibank from Bahrain, though there is litthe prospect of it developing as a banking centre in its own right and banking centre in its own right persuasive, he is fluent in Recently, Intercontinental hotels, English which he uses to good Lufthansa and Brokenhill Propre-tiary have established regional offices in the state.

Where one sees Duhai's particular enterprise is in the ways it has thought of to keep the new arrivals in the state — and, if possible, attract some tourists. It has built its extraordinary golf course and horse and camel race tracks, sponsored a world chess olympiad, spent much on city beautification, and developed a very efficient airport with by far the world's cheapest duty-free shop — a place which makes one realise what huge profits duty-free shops elsewhere must be

What Dubei has realised is that the longer it can encourage indi-vidual expatriates to stay in the state, the more they will help it. to innovate and prosper.

Michael Field

Diplomatic relations with the Soviet Union

#### Lure of trade, treatment and tourism

in central Abu Dhabi. Once inside the wall, only Soviet staff are visible. A security man casu-ally scrutinises the visitor approaching the main entrance past newly-grown lawns where only scrub desert-existed until recently.

The massive five-storey embassy building, home and office to eight accredited diplomats and over 30 support staff and dependents. It is the spearhead of the Soviet Union's energial getic campaign to win hearts and minds in the UAE, regarded by many diplomats. - not all of them western - as "the soft

Diplomatic relations were established in November 1985. The ambassador, Felix Nicolaevich Fedotov, presented his cre-dentials to the UAE's president Shaikh Zaid the following Octo-

which numbers some 150 includ-ing families, the Soviet represen-tation in Abu Dhabi has grown to be far in excess of what is needed for the maintenance of normal diplomatic and commercial relations. UAR-Soviet relations are a conspicuously lop-sided affair. The UAE has just one diplomat – the charge d'affaires – in Moscow. UAE diplomats for this posting are hard to find.

The UAE is the fifth country in the Arabian peninsular to establish diplomatic relations with the "Attitudes of the UAE

and Soviet Union over the Gulf war are very close"

Soviet Union. The Russians have long had a presence in North and South Yemen, but until October 1985 when Oman established rela-tions, Kuwait was the only member of the Gulf Cooperation Council to have a Soviet embassy.

Now, within the GCC, compris-ing Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the UAR, only in Bahrain, Qatar, and Saudi Arabia — the main Soviet target — are without official representation. But it is general, reckoned among nationals and foreigners alike in the Gulf that these three will follow, as high level visits and contacts multiply. Major civilian projects are the in some of these ways Dubai Al Ain airport – UAE's sixth has been lucky in recent years, international airport, a widening But it has deserved its luck of the Abu Dhabi-Al Ain motor because it is an extremely enter-large in relations between countries."

And he added: "It is illingical to

> tions." Mr Fedotov is an old diplomatic hand with some 25 years experience in the Arab world. He has been ambassador in Damascus, Khartoum and Aden as well as having done service in Baghpersuasive, he is fluent in English which he uses to good effect. He claims not to speak Arabic, but when pressed acknowledged that he was con-

> versant enough to be able to cor-rect an interpreter.
>
> At the public relations level, his efforts are generally recog-nised to have been very effective. "Energetic, active, making up lost ground" are words and phrases Western diplomats and UAE nationals alike use to

Mr Fedotov himself says there has been a "big psychological change" since he arrived. "Most of the ignorance in the UAE about the Soviet Union has been dissipated. For example, it was not generally known that the Soviet Union shares a common border with Iran of more than 2000 kms. Relations with us are now accepted as a fait accompli-where before there was little beyond curiosity."

596 as the only solid and sound basis for ending the war. This resolution will maybe become as important in its own context as resolution 242 has become on the

Palestinian problem."
But Fedotov said the Soviet Union was being very careful "not to destroy the political base" of the resolution. "There is no er. military option or solution to the Like its embassy in Kuwait, war." Iran was "very sensitive, which numbers some 150 includ-very stubborn, very intelligent. If we come to force them what will be the result?" No one knew. He acknowledged the UAE had been disappointed with the Secu-rity Council's recent inertia. "GCC countries," he said, "had every right to try and act as every right to try and act as mediator between Iran and Iraq.

"Within the UAE private com-ment on the size and efforts of the Soviet Embassy is guarded UAE nationals are too polite either to contradict a diplomat in his presence or to give the appearance of being negative about him, but it is clear that Soviet overtures have not been entirely successful. "He speaks well," said one Dubai businessman who has heard the ambas dor more than once, "but you do not know what is in his heart."

Few in the UAE have responded to the Soviet insistence that there exists comple religious freedom in the Muslim territories of Soviet Central Asia. One of those who have however is Shaikh Mohamad al-Khazraji, the UAE minister for Islamic Affairs and Awqaf (religious endowments). Mr Khazraji is due to make a second visit soon to Baku in Soviet Azerbaijan to attend an Islamic conference hosted by Soviet Muslim reli-

The Soviet occupation of Afghanistan however is a harder nut to crack for the Soviets in their campaign to win friends. On the other hand, there are several UAE citizens and other Arab nationals hased in the country who have taken advantage of the vember 1985 to visit the Soviet Union either for medical treatinknt or tourism same package.
Specialists from Moscow's Opti

Specialists from Moscow's Opti-cal Surgery Institute visited the UAE last year, offering treatment. The response was heavy according to the manager of the local travel agency which also acts on behalf of Aeroflot, the Soviet sirline. After treatment patients are offered a tour to the Black Sea coastal resorts in Southern Russia. Charges for the medical package are said to be

Some returning patients seem impressed. Many choose Moscow because Austria or West Germany – the preferred countries for median treatment – are considered to a second to the contribution of the contribution sidered too expensive. London except for those Gulf Arabs who know their way around, has built a reputation for fraudulent over-

In the wake of the embassy's public relations campaign has come a growing number of trade, commercial and technical delega-tions from both the Soviet Union and other eastern bloc countries. Six of these — Bulgaria, Czecho-lovakia, East Germany, Hungary, Poland and Romania — already have trade offices or diplomatic

Most of the commercial exchanges are strong on rhetoric

On the level of pure rhetoric, and short on substance. Some are Mr Fedotov has found fertile motivated by a desire to find new ground for Soviet views on the trade outlets out of shear frustra-

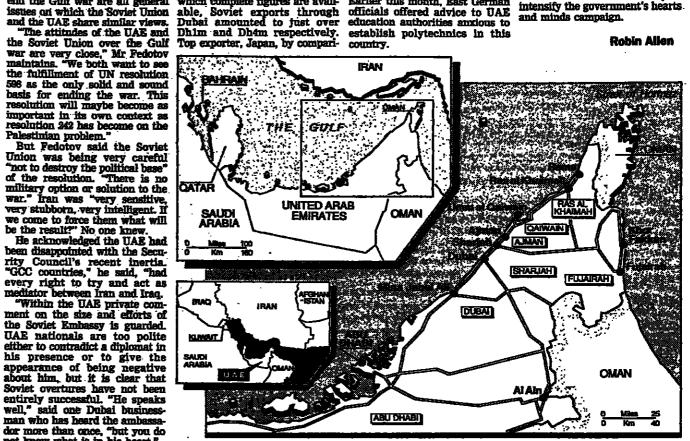
US support for the Israeli occupa-tion of Arab territory, UAE con-cern over the presence of US and other naval ships in the Gulf, and support for UN resolution 598 to 1985 and 1985, the last years for end the Gulf war are all general while complete figures are avail-issues or which the Seriet Union the Course of the Course of which the Seriet Union the Course of the Co

main issues affecting the Arab tion at what is deemed by at least world. General UAE criticism of one Dubai businessman to be the

recruit UAE nationals to East was "great potential" for a sharp German polytechnics and are increase in Soviet exports reported to have paid Dh100,000 Several UAE businessmen are to a prominent Abu Dhabi busi-nessman in sponsorship fees. Earlier this month, East German

Dh3,000m in each of the two Chamber of Commerce's head of East German officials are sations Mr Eldar Younousov, on mounting an active campaign to a visit to Dubai, remarked there

> Several UAE businessmen are the Soviets a convenient way to intensify the government's hearts



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#### Banking

# Interest by decree

AT LAST, it seems that the legal-ity of compound interest in Abu Dhabi, which in the past two Dhabi, which in the past two years has been a major anxiety of bankers in the state, has been iah courts, which have extremely

Commercial Banking Decree No 3 of 1987, signed by Sheikh Zayed, the ruler, stated that in the event of a dispute over a loan, the rate of interest agreed in the original contract would apply up to the time of a suit being filed. There-after the rate would be 9 per cent flat. This seemed clearly, but from taking defaulting borrowers indirectly, to endorse the princito court, because some compaple of compound interest, assumnles, which had longstanding ple of compound interest, assuming that had been part of the

original contract.
Two months later, in Septemchance was signed by the Crown Prince, Sheikh Khalifa bin Zayed. This stated that in no case should interest exceed 50 per cent of and Paribas for compound inter-principal, which seemed likely to est dating from 1968 and 1974. with overdrafts, which are a very popular form of business finance in all the Arabian Peninsula oil

Who exactly was behind this second decree, and what his or their motives were, is not clear. But in the classic Arabian way, which seeks compromise and standing interest, against which tries to avoid over-ruling any person's decision, it has come to be sions but which they now have a accepted that the first law applies good chance of being able to colupt to the date of judgment of a lect. se and the second between judgment and settlement, in very cautious in their lending. which time interest charges are especially to members of the rul-extremely unlikely to grow to ing family, whom it is difficult anywhere near 50 per cent of the for them to sue.

um outstanding. The one problem that most of At the same time instructions the Abu Dhabi (and Dubai) banks have been given that banking do not have is large exposure to cases should go to the civil rather Latin American debt — unlike than the Shariah (Islamic) courts. some of the Bahraini-registered These instructions are essential to the working of the new rules, is the National Bank of Abu because Shariah law, which con-Dhabi, which traditionally has demns interest as usury, is based on the Quran, the word of God as recorded by the prophet altered by Commercial Banking

them. In isolated cases, the Sharinformal procedures, had refused Even in its final stages, resolu- utterly to acknowledge the legaltion of the issue has been fraught the issue has been fraught with contradictions. Last July, Commercial Banking Decree No 3 decision in 1981 that it was reasonable for banks to charge up to 9 per cent to personal clients and 12 per cent to corporate clients. And in almost every case the courts had declared compound interest to be illegal.

This used to discourage banks overdrafts, would have been able Two months later, in Septemback many years. In a few cases, ber, was published Commercial it led to clients actually suing Banking Decree No 4, which by their banks for repayment of interest. The most serious instance of this involved a contractor, Cicon, suing Grindlays est dating from 1968 and 1974.

There are some thousands of banking cases pending in Abu Dhabi which should now start to he resolved either through their being brought before the courts or through borrowers deciding that it would be expedient to settle. Several of the Abu Dhabi banks have large sums of out

All of the banks are still being

banks. The exception, ironically, been by far the biggest and strongest of the locally-owned hanks. NBAD has not yet released its 1987 results, but it is thought that they will show that its ecrees. operations at home have done For all the banks in Abu Dhabi well while it has had to make

in Dubai, there has been no equivalent of the compound interest issue. The courts in the state have always acknowledged the legality of interest and when they become involved in banking disputes they concentrate on trying to reconcile the parties. Dubai's major banking problems were resolved several years ago when the Union Bank of the Middle East and the Dubai Bank were merged and some of the other local banks recapitalised. Since then, the banks in the

state have been trying to recover or reschedule their difficult loans. Most of the borrowers that have had problems have been small companies. The bigger of the two major firms that have rescheduled debts have been Gal-adari Brothers, which has reorganised payment of \$150m owed to two separate consortia and now has to renegotiate some which is still negotiating the rescheduling of a debt of under

It is felt in Dubai that some of

					. 50	lacted	HAF	ocal b	anks 1	985.1	987						1 1	
	,				36	ięcice.		Oh millik										
	·	otal asse	rfe:	Loans/Advances			Customer Deposits			Shareholders Equity			Provisions			Net Profits		
	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1988	198
Abu Dhabi Commerciai Bank	5,365	7,226	r.a.	3,834	4,054	n.a.	3,460	3,410	fl.H.	1,258	1,190	D.E.		18	r.s.	(177)	(68)	na
B. of Credit & Commerce (Emirates)	4,193	4,552	U.S.	2,032	2,555	na.	3,050	3,565	n.a.	207	323	fl.13.	11	23	R.S.	65	<b>63</b>	ru.
Benk of Omen	8,785	8,609	n.a.	3,258	3,409	ne ·	4,435	4,850	ŗ.⊈.	550	564	fl.	45	60	a.e.	40	55	A.E.
Commercial Bank of Dubai	1,168	1,104	1,192	<b>567</b>	574	. 635	605	800	660	261	265	269	4	6	8	20	18	18
Middle East Benk	2,791	2,791	n.a.	1,818	1,797	n.e.	2,052	2,006	n.e.	161	261	re.	80	19	n.e.	(93)	14	P-8-
National Bank of Abu Ohabi	20,737	19,521	fl.B.	10,448	5,164	R.A.	14,324	12,960	e.e.	1,853	1,860	Q.E.	206	164	r.a.	13	59	n.e.
National Bank of Dubal	18,844	20,198	21,021	1,235	1,292	1,510	15,975	16,603	17,574	2,346	2,404	2,780	35,	28	20	905	820	712
National Bank of Res Al Khaimah	604	536	602	237	227	205	412	340	380	115	117	121	7	11	6	6	7	13
National Bank of Sharjah	2,336	2,336	· ELS.	1,585	1,754	it.e.	1,197	1,441	n.e.	337	357	n.a.	24	33	n.e.	29	20	n.e.
Union Bank of the Middle East	5,680	4,989	s.a.	2,139	2,359	î.a.	3,474	3,528	n.e.	<b>500</b> .	523	n.a.	ne.	40	n.a.	R.E.	23	n.e.
	- Not Assistin																	

loans. There are a few institutions which have large assets but modest profits, which suggests that they have loans still in their balance sheets which are not performing. After a year or so in which several banks have not

that its provisions must be at least moderately realistic. The only place in the UAE iary, the Dubai Bank. The other been paying dividends, it is frightening skeletons in banks' firm is the Al Shirawi Group, which is still negotiating the ture for these institutions to two locally incorporated banks restart dividend payments now.

These are fairly minor criti- \$1bn by the state government. It is felt in Dubai that some of cisms. The UAE Central Bank, This, though, is a political probthe banks have not made realistic which at the beginning of the lem and it will be resolved if and provisions to cover their doubtful 1980s had little authority, now when Sharjah sorts out its finan-

overnment. What the banking pictures in

banks' positions, and if it is satis-fled with a bank, then it is said all the emirates have in common is a recent switch to personal lending. Since there is little project finance to be arranged the change is mainly something that of spreading risks and command-

a borrower may leave the coun-rate.

cial relations with the federal try without repaying his debt,

as little as 12 per cent for the loan agreement is signed.
favoured clients - this being Figures in the above table are ing high interest rates. favoured clients – this being Figures in the above tal.

The main disadvantage is that equivalent to a poor corporate inexact because of rounding

though this possibility can be careful to avoid what a mancountered by a bank taking guarantees from his friends. And in a
country with a population of a
little gains. These involve
what seems a reasonable rate of
interest being made much more
themselves. change is mainly something that been forced on the banks, but personal lending and consumer interest rates on personal loans to have fine advantages to have fallen from 18 per cent to amount being charged as soon as

Michael Field

#### **Tourism**

# Colourful, exuberant places they form a good 80 per cent of relax with their families at the population, they seem to feel home, welcome. If one walks along the welcome. If one walks along the Outside the two main cities, the towns of the UAR are less

THE AUTHORITIES in Abu Dhabi and Dubai may not believe it, but I love the UAE. In surveys like this, one has to write about personalities or other sensitive topics, such as the events in arjah last summer, which in Arabian society are never men-tioned publicly. The reason is that these subjects are importhat these subjects are impor-tant, and it would be wrong to suply one set of reporting crite-ria to the industrialised coun-tries and another softer set to the Middle East.

The articles are in no sense

meant as criticism - I find both people and the politics of the UAE fascinating, albeit different

But it is not just the society that makes me miss no opportu-nity to go to the Emirates. Abu Dhahi and Dubai are colourful and, by Middle Bastern standards, exuberant places, by far the most physically attractive of the Gulf States.

Dubai has its creek: tall, modern buildings on one side, mostly traditional/Persian structures on the other, the shores lined three or four deep in places with Arab and Indian dhows. The sparkling blue water in between is crisscrossed by Ahras, little passen-ger launches crammed with Indian and Pakistanis in white sub continent make up about 70 per cent of Dubai's population). The scene is busy, oriental, and

highly commercial.

To walk along the banks of the creek is to watch the commerce of the Indian Ocean. The wharfs are piled with sacks of Thai rice, gunny bags of onions labelled as Danish on one side and Pakistani on the other (but actually from Iran), huge cartons containing unit air conditioners or refrigerunit air conditioners or refriger-ators, Japanese cara, fish traps in their squashed, folded form, sacks of clothes, coffee and car-domom seeds - things which have a good old fashioned look when one sees them in bulk.

Abu Dhabi is quite different. It is the state in the Arabian penin-sula that in 20 years has changed itself from a small group of Bar-asti (paim fronds) huts to someasti (palm fronds) buts to some-thing that looks very like Miami Beach. There are plenty of sky-scrapers in reflecting glass — blue and gold are the favourite colours. A Bahreini friend of mine describes the style of archi-tecture as "Abu Dhabi galore." Along the five kilometres of Along the five kilometres of glittering corniche (labelled "Cornish Road" on some sign-posts) and other major streets are lawns, flowerbeds, fountains, paim trees, oleander and bou-gainvillea — all of them kept alive by water desalinated from

Abu Dhahi is a country which has decided to spend its money and enjoy it. It is quite unlike Knwait, whose canny population works on what a diplomat described recently as the princi-ple that "If one cannot make

DUBAI'S REPUTATION as the commercial centre of West Asia is now well established, but success has its price. In the last few years it has become, according to the head of the Dubai CID, Colonel Abdul Aziz Mohamed Abdul-lah, the principal staging post on the drug route from Asia to Western Europe.

months. Quantities have Pakistan.

Several arrests have been made dropped, but the "quality" has The largest concentration of risen. Traffic in heroin rose four hashish so far discovered was heroin implants, arrive through fold last year to some 40 kgs. The 2562 kgs, also in a container Dubai's international airport. CID

bly isn't worth doing."
In both Abu Dhabi and Dubai, the atmosphere is relaxed. The ruling families have a tradition of being welcoming to

ABU DHARI
1) Ghantot Club resort hotel:

from Abu Dhabi near the Dubai border, Abu Dhabi National

Hotels Company is planning a multi million dollar chalet hotel resort on an island close to the

shore. The hotel will comprise

ten 3-bedroom and ten 2-bedroom

chalets. Visitors would leave

their cars on the mainland and shuttle to the island by ferry. The

resort will include an 18 hole grass golf course on the main-land. Other facilities: tennis,

squash, horse riding, swimming

pools, horse and camel race

1987, but likely to take longer.

2) Khalidiya tourist and resi-

Yachting marina, swimming pools and a bowling alley to be

added. Client is the private department of Shalkh Mohamed bin Khaled al Nahyan. Consul-

tant is Helal and Partners in Abu

Dhabi. Estimated cost Dh100m

3) Leisure project at Al Ain Ai Faydha: designed for middle income groups this project will comprise chalets, artificial lake and go-kart track. The project is

being developed by Al Ain municipality and Town Planning department. Manager will be Abu Dhabi National Hotels Company.

Proposal includes development based on annual go-kart competi-

tion. Five countries took part last

year bringing in some 30,000 visi-tors. Clients propose to double the attendance and triple the

looking Al Ain. Plans include the

Ghantot, on the sea 100 kms

ruling families have a tradition day evening one sees hundreds attractive but there are magnifiof being welcoming to foreigners. Alcohol is served in the
hotels, women can drive, and
men and women can bathe
nationals, just stiting and enjoyacts of Fujirah and part of Shartogether on the beaches – all of
which is illegal in Sandi Ambia together on the beaches — all of ing the grass, or eating picnics. which is illegal in Saudi Arabia. In other states, the immigrant in most of the other Arabian has nowhere similar to go, and oil states, foreigners feel the atmosphere is such that they oppressed. In the UAE, where would probably feel happier to

conducts detailed audits of the

**Projects in the pipeline** of total expenditure planned. The design includes the construction of VIP villas and accommodation for senior officers, a yachting marina, landscaped gardens and general sporting facilities. 6) Al Jazira + Al Wahda.

sports clubs: soccer stadiums and related facilities are to be built at both sites. Some Dh100m is to be spent on the two. Client in both cases is the Abu Dhabi Public Works Department. Consultant, also for both, is Riyad Tayer and

7) Corniche Development: Cli-ent is Abu Dhabi Municipality on behalf of the ruler Shaikh Zayed. tracks, fitness centres, water ski-ing and fishing. Completion one mile long breakwater and planned for 2 years from July dhow restaurant affording spectacular views. Development include marina, park and playdential centre: in Abu Dhabi city, ground.

proposal is to use part of the existing Khalidiya Palace hotel

as the site for a new 16 storey
hotel plus a holiday centre of Emirates gulf club: to add to the some 120 suites and chalets: first all-grass 18 hole championship golf course in the Arabian peuinsular (formally opened by Pakistan's president Zia al Huo on March 8) the Dubai government is planning a design competition among pre-qualified consul-tants for a yachting marina and second resort hotel on the coast opposite the golf club near Jebel Ali. To include all general sporting facilities. Estimated cost

Dh200-300m.

9) Sports Stadium: to comprise an all-grass cricket stadium and indoor hockey stadium lined with astro turf. Facilities will include a covered grandstand for the cricket stadium, plus related indoor facilities including gymna-sia. Client is Dubai municipality. Consultants are Al Wasl Al Jadid Consulting in association with the UK's Mott, Hay and Anderson. Estimated cost Dh50m.

number of participants, Estimated cost Dh50m - Dh 60m.

4) Al Ain/Jebel Hafit resort 10) Dubai Creek Recreation Park: to be located between the motel: 50-bedroom motel on the summit of the 1,000ft jebel over-Maktoum and Garhoud bridges, a scrub desert site of some 100 hectares is to be transformed into construction of a cable car up the mountain. Chalets and play for cycling and ball games alonggrounds to be constructed. Cost unknown. Client is ADNHC. nknown. Client is ADNHC. ing on the creek itself, the Munic-5) Private Club for Officers: ipality wants to resuscitate the main — Dh200m — contract activity in and along the creek to construct the main building now that industry has moved has already been awarded (to out. Architect: UK's Rice Perry Dubai hased Al Habtoor Engineering Enterprises). But this is a 2-year period from December estimated to be less than one half 1987.

ares of regimn and part of scar-jah, has palm fringed beaches backed by a range of hine moun-tains. It is only spoilt by the vast amounts of litter - polythene-hags and pepsi cola cans that have been left on the beaches.

In the south of Abu Dhabi, on the horder of Saudi Arabia, is the beginning of the Empty Quarter. In this desert, the big-gest uninhabited stretch of land on earth, not a drop of rain may fall for a generation. As one drives towards the Liwa oasis the last place of habitation before six hundred miles of towually becomes submerged in drifting sand. When the sky is grey and the wind whips up dust into the sir one has the strong, nd rather frightening feeling

that one is entering a place that is totally hostile to man. To go into this desert one needs a guide, a four-wheel drive vehicle and a big supply of water. One tells the police where one is intending to go, and for experiences utter stillness totally clean air and at night a

anorsma of the Milky Way. The UAE is the only Gulf State The UAE is the only Gulf State that has potential as a tourist centre and it is the only state that is trying to attract tourists. Dubai particularly is having some success, though the people who are coming so far are fairly unenterprising, low spending package tourists who spend most of the time on the hotel beaches, which admittedly, are attractive which admittedly, are attractive and have excellent sporting facil-

Duhai has recently invested in several parks, one of the world's most magnificent golf courses and horse and camel race tracks. In 1986, it sponsored the World Chess Olympiad which attracted most of the Grand Masters including Messrs. Karpov and Kasparov. A year later Sharjah sponsored the Cricket World

Cup.
The Emirates' tourist appeal is enhanced by an almost total lack of crime and good weather — in the months of March, April. October and November the cli-mate is perfect, though the sum-mer is extremely hot and, in the three winter months, the weather can be overcast, cloudy

weather can be overcast, cloudy and wet.

The hotels are superb. In Abu
Dhahi the best are the magnificent Intercontinental and the much more friendly and informal. Sheraton Hotel and Resort.

In Dubai there are the Intercontinental, the Hilton and, some intental, the Hilton and, some intental, the Hilton and, some is all as south of town, the inxurious Jebel Ali resort hotels.

Official title: United Arab Emir.

Currency: Dirham (Dh) = 100 fils Area: 90,559 sq km (including off-shore islands)

Sheikh Zayed bin Sultan al Population: 162m (1987)

Nahyan (ruler of Abu Dhabi)

Head of government: Vice-president HH Sheikh Rashid bin Said (1986)

and wet.

Currency: Dirham (Dh) = 100 fils Area: 90,559 sq km (including off-shore islands)

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Inflation: 2 per cent\* (1986)

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Michael Fleid

One kilo of beroin with a value equivalent to 15 or 20 kgs of bashish, will fetch \$4,000-\$5,000 in Pakistan. On the open market in the West, it will sell up to \$300,000 per kilo — "a greater return on investment than the oll business," remarked Colonel Abdul Aziz with more than a hint

of irony.

For the first time ever a Federal Ministry has published fig-ures on the numbers of drugs-related arrests in the UAE. In 1981 a total of 255 people of all nationalities were arrested. By 1967 this had risen to 481. For a population of around 1.6m these figures are

alarming enough.
"But picking up individual carriers barely touches the prob-lem," the Colonel remarked. You have to hit the manufacturers. But you won't stop drug trafficking without a much better public service information pro-

#### "Emirates"

Airline success

controversy have all flocked to Dubai since the emirate started its own airline - known by the single word - Emirates - in Octo-

rivals about Emirates' price cutundercutting to win passengers. It is the only airline offering daily non-stop, daytime flights to and from London. Its main rivals, British Airways and British Caledonian (still operating separately on this route) either leave in the middle of the night or stop en

route. In the event, the new airline has grabbed 49 per cent of the traffic compared with 32 per cent for British Airways and British Caledonian combine

The controversy - or that part of it which is rational - is a measure of Emirates' commercial success and its rivals' instinctive fear that Emirates is a more formidable competitor than was at first thought possible.

Dubai is an unusual phenome-non as far as air traffic is con-carned. The Emirate, the second carned. The Emirate, the second It used to be thought that richest and arguably the most Emirates would need regional of 1.6m. But despite its small population, it boasts the second busiest airport in the world in term of transit passengers after Tokyo's neighbouring GCC countries.

Narita airport. In 1986, it received However, talks are going on with 1.55m transit passengers com-pared with Tokyo's 1.89m. Part of the reason for this lies

flight to another. Many transit tion with Gulf Air, owned by the passengers come in on 7-day governments of Abu Dhabi, (on renewable visas issued by the behalf of the UAE), Bahrain, sponsoring company. More and Oman and Qatar.
more international companies are
using Dubai as their regional sermeans that the UAE is now in more international companies are using Dubai as their regional ser-vice base, and the number of temvice base, and the number of tem-porary business visitors has ing two national airlines. But increased out of all proportion to Emirates can control its market

words of Emirates' managing regional business centre. director, Mr Maurice Flanagan, "has possibly the highest ratio of Robin

PROFITS, PASSENGERS and passengers to total population of any country in the world." Over 80 per cent of the UAE is made up of expatriates. But UAE nationals also travel regularly to don route in particular sparked a barrage of loose allegations from rivals about Emirates' many and Asia. Even among Asian labourers there is a steady influx and outflow.

Airline traffic on all particular sparked a steady influx and outflow. Europe, US and Asia. Even

ting. In the ensuing heat, it was forgotten that Emirates does not - and did not need to - resort to compared with January 1987. was 18 per cent up last January compared with January 1987. Emirates itself has seen its pas-senger traffic rise by 66 per cent in this same period, and cargo traffic by 75 per cent. Emirates owns and operates

two Airbus A310-300 extended range aircraft and one Boeing 727. It leases one Airbus A300-B4 from PIA. It will shortly take delivery of two more aircraft -one Boeing 727 which it will own outright and one Airbus A300-600R, the financing of which is

still being negotiated. Emirates' routes now extend to London, Frankfurt and Istanbul in Europe, Cairo and Amman in the Middle East, and Karachi, Bombay, Delhi and Dacca in Asia. It is negotiating traffic rights in Singapore and will shortly start talks for similar

rights in Manila. comfortably handle. We are not dependent on landing rights in However, talks are going on with Saudia about landing rights in

Part of the reason for this lies in the UAE's multiple definition of a "transit" passenger. This is not only someone moving through the airport from one flight to smaller through the airport from one flight to smaller through the airport from one or swim on the sound in competition with Call Air and the sink of the smaller through the sink of the smaller through the same through the smaller through the same through through the same through the same through the same through the same through through through through the same through t

in a way a consortium cannot -At the same time, Dubai and providing that Dubai remains an the northern emirates in the attractive transit point and

Robin Allen

#### **Basic Facts**

(English often used in business)

Capital: Abu Dhabi Inflation: 2 per cent\* (1986)
Official Ianguage/s: Arabic Oil reserves: 32bn\* barrels (1987)

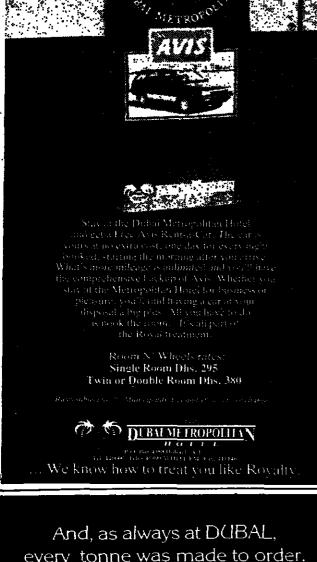
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# **Unstashing hash** In 1966 Duhai's anti-nercotics hollowed-out fruit or vegetables

Drugs smuggling

In 1966 Dubai's anti-narcotics hollowed-out fruit or vegetances. Ninety-nine per cent of the drugs smuggled into Dubai are types of drugs. The figure non, despite lorries having re-exported. Hashish and opium dropped to just over 1000 kgs last come from India and the Golden year but shows signs of increasported. Hashish and opium dropped to just over 1000 kgs last passed through up to six customs come from India and the Golden year but shows signs of increasported. Hashish and opium dropped to just over 1000 kgs last passed through up to six customs posts on their journey to the UAR. By contrast most opium and from Lebanon's Bekaa Valcontainer lorry searched at laners loaded with anything lowed-out fruit or vegetances hollowed-out fruit or vegetances. ley.

Dubai's commercial port — from furniture to hollowed-out.

The transit trade through revealed 1041kgs of hashish shaving brushes (also a favoured.

Dubai has taken on a new and stashed under a 10,000 kg conhiding place for heroin) and sinister note in the last 18 signment of Basmati rice from inside tubes of toothpasts.

number of travellers being used, lorry, bound from Pakistan to has plain clothes officers min-wittingly or not, as couriers, has Belgium and Holland. Heroin is smuggled by road in arrivals terminal.